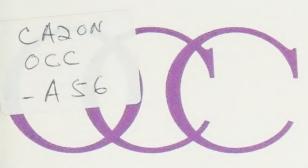


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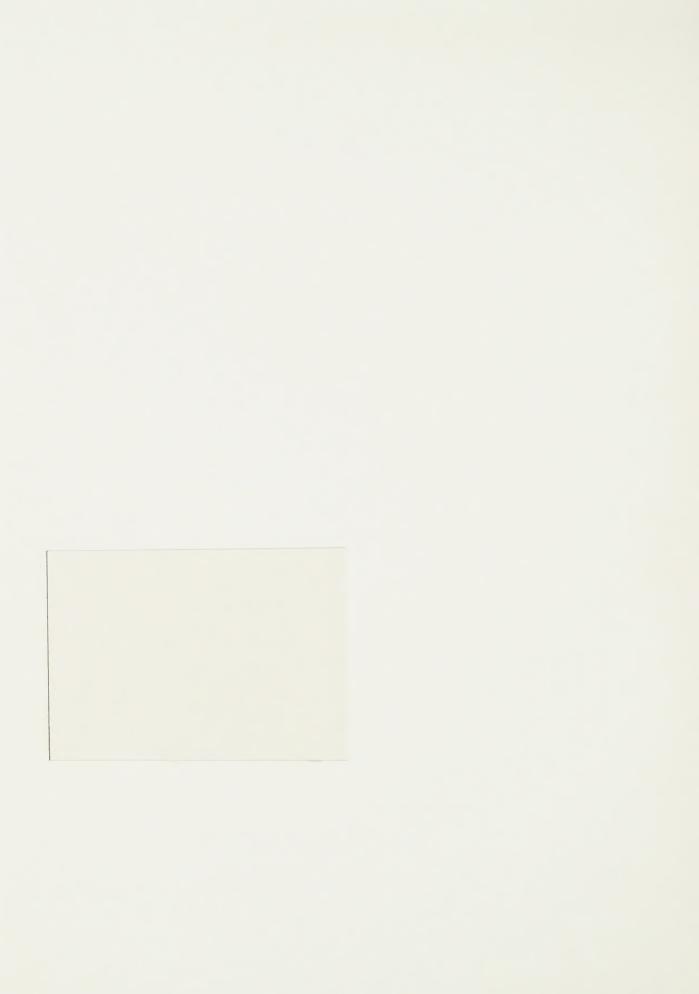




Ontario Casino Corporation



Annual Report 1994/1995





Windsor riverfront — site of Casino Windsor

Annual Report 1994/1995

Ontario's first commercial casino opened May 17, 1994.

Casino Windsor is already the envy of the global gaming industry.

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December 1995

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December 1995

Honourable William J. Saunderson, F.C.A. Minister of Economic Development, Trade and Tourism Hearst Block Toronto, Ontario

Sir:

On behalf of the Board of Directors of the Ontario Casino Corporation, I have the honour to submit to you the Annual Report for the fiscal year ended March 31, 1995.

Respectfully submitted,

G.S. Bennett

Chair

Board of Directors

Ontario Casino Corporation

Message from the Chair

This annual report, which nominally relates to the fiscal year of the Ontario Casino Corporation ended March 31, 1995, actually chronicles the development of Ontario's commercial casino initiative from its inception in early 1992. The initiative was unique in North America in that commercial casinos would be owned and controlled by the provincial government through the Corporation but run by private sector casino operators on an incentive "fee for services" basis. In concept and in implementation, the initiative enables the province to avail itself of private sector expertise while maximizing benefits to the province and to the communities in which casinos are located.

Ontario's first commercial casino opened in an interim format on May 17, 1994 in Windsor, Ontario. Although it has operated for only nineteen months and in spite of the fact that the permanent casino complex will not open until late 1997/early 1998, *Casino Windsor* is already the envy of the global gaming industry. More importantly, the prudently cautious approach which governed the establishment of *Casino Windsor* is regarded as a model by other governments interested in casino gaming. By reason of creating more than seven thousand new jobs in Ontario, stimulating economic and tourism activity in the province and generating an average of \$1.5 million in daily revenue, *Casino Windsor* can safely be considered to be an overwhelming success.

As described more fully later in this report, Ontario's second commercial casino is scheduled to open in the spring of 1996 near Orillia on the lands of the Chippewas of Rama First Nation. In financing, designing, constructing and operating the *Casino Rama Resort*, the Corporation and Rama First Nation intend to employ substantially the same approach as was used at *Casino Windsor*. Profits from the *Casino Rama Resort* will be shared by all of Ontario's First Nations.

The Board of the Corporation is well aware that the impressive achievements of the casino initiative to date are attributable to the co-operative efforts of many people and organizations. Any attempt to name all those who made positive contributions would inevitably entail oversights and, accordingly, my fellow Board members and I will limit our expression of appreciation to the Corporation's small but outstanding team of managers and staff members. The team is astutely led by the Corporation's President, Domenic Alfieri, whose commitment, expertise and enthusiasm have been major factors in the successful implementation of the province's commercial casino initiative.

G.S. Bennett Chair This unique initiative enables the province to avail itself of private sector expertise while maximizing benefits to the province and to the communities in which casinos are located.

Message from the President

Although we are a new corporation which began operation on April 1, 1994 much of our work is a continuation of two years worth of groundbreaking efforts by the Ontario Casino Project of the Ministry of Consumer and Commercial Relations.

We are fortunate to have a number of the Casino Project employees now on our staff. This continuity helped the Corporation achieve a smooth launch, and was crucial to our ability to open the interim casino in Windsor in record time.

While public attention naturally focuses on the number of jobs created by the casino and the revenue it has generated, I am particularly proud of two other aspects of its development.

First, the casino's success has not had the oft-speculated adverse effects on the community. For example, crime has not jumped, and I am proud to say the Ontario Casino Corporation has taken a lead role in addressing legitimate concerns such as problem gambling.

Second, this facility was renovated, equipped and opened without cost to the provincial taxpayer. Financing was arranged in a manner that enabled all costs to be paid from the casino's revenue.

A key reason that up to 80 per cent of *Casino Windsor's* clientele is from the United States is that Canada does not tax winnings and the US does. When the House of Commons Finance Committee advocated taxing our winning players, we worked hard with a number of Ontario border communities to explain to Ottawa that this would actually drive down federal tax revenue. This is because research showed that almost half our American customers would stay home, reducing federal revenue from the GST and other taxes. Fortunately, the federal budget did not contain the tax measure.

Our efforts in Windsor are currently focused on expansion of the interim casino by way of a riverboat and starting construction of the permanent casino complex.

In December, 1994 the Corporation began work with the Chippewas of Rama First Nation near Orillia to build a commercial casino. Before this, all policy discussions between the province and First Nations regarding commercial casinos were done through the Aboriginal Gaming Unit of the Ministry of Consumer and Commercial Relations.

The success of the Windsor casino has attracted considerable interest from a number of other Ontario communities, some of which have asked the province to open a casino in their area as well.



The Corporation views this high level of interest as a positive comment on the Windsor experience. In the coming years we will strive to ensure that the Corporation's casinos continue to achieve their goals without the adverse social consequences experienced in some other jurisdictions.

I want to conclude by thanking all the organizations and people that have worked so hard with us since the inception of the project.

Domenic Alfieri President A key reason that up to 80 per cent of *Casino Windsor's* clientele is from the United States is that Canada does not tax winnings and the US does.

Evolution of the Ontario Casino Initiative

The North American Trend

Casinos are increasingly popular across North America, particularly in the United States, where they are now found in more than 20 states, compared to two states a decade ago. Today more people in North America visit casinos than attend professional sports events, and casino revenues exceed the film and music recording industries combined.

The increasing availability of American casinos during the past decade has resulted in Ontario 'cross-border casino shoppers' making an estimated one-half million visits a year to gamble in the US, draining hundreds of millions of dollars annually from the province. To help stem the growing outflow of gaming dollars — and the tens of thousands of jobs they represented — Ontario announced in the spring Budget of 1992 that commercial casinos would be authorized to join the province's \$4 billion gaming industry, which already included horse racing, charitable casinos, bingos, and lotteries.

By the time Ontario had made its announcement, other provinces had already taken or were considering similar action. Manitoba opened Canada's first commercial casino — the Crystal Casino — in 1989. Planning was well advanced for Quebec's first casino in Montreal, and in Nova Scotia, discussions were under way which would lead to the development of two casino pilot projects. In British Columbia and Alberta, charitable casinos operated by professional management companies were reaping sizable revenues. The Yukon was operating a very successful summer-only casino at Diamond Tooth Gertie's.

With competition from the north, south, east and west, Ontario's challenge was to develop a world-class product that could effectively compete in this mushrooming industry. The Ontario Casino Project team was created in the summer of 1992 to develop and implement Ontario's casino strategy. The team consisted of approximately twenty individuals, many of them seconded from various government ministries and the Ontario Provincial Police.

Experts from the Ontario Provincial Police intelligence and anti-rackets branches were involved in such issues as casino design, internal surveillance systems, money handling, audit structure and background checks. Extensive consultations were held with law enforcement and regulatory bodies from other countries to examine their procedures and policies regarding casino gaming.

In developing the casino policy, the Project Team also consulted widely with charities, municipalities, First Nations, gaming operators such as bingo halls and horse racing groups, and other interested organizations.

The Project Team established key provincial objectives for the casino initiative: creating jobs, boosting tourism, stimulating economic development, and generating revenue for the province.

In keeping with other aspects of Ontario's gaming industry, the government decided to involve the private sector in the development of commercial casinos. The model the government adopted has the casino business owned completely by the government, which optimizes benefits to the province and maximizes control of the facility,

but also involves a private sector company to carry out the casino's day-to-day operations, thereby capturing private sector marketing and operational expertise.

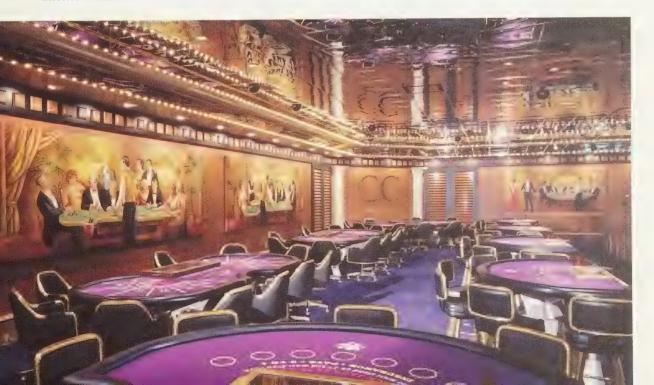
Windsor

In October, 1992 the province announced it would establish one world-class casino in Windsor, across the river from Detroit, Michigan. With approximately seven million Americans living within 100 miles of Windsor, the casino could draw new dollars into Ontario, and create new jobs and stimulate local economic development, especially in the tourism and hospitality industries. The challenge would be to develop a casino model that could generate the maximum benefits for Windsor and the province while maintaining the character and safety of the community.

Over a number of months, the Casino Project team consulted with Windsor residents and officials to determine the municipality's objectives for the casino, and develop criteria to help the province select the casino's specific location. While these community consultations touched on a wide array of issues, two main messages emerged: the safety and security of the Windsor community must be preserved; and, the casino should be located downtown, close to existing hotels, restaurants and shops, to act as a catalyst for much needed downtown revitalization.

With competition from the north, south, east and west, Ontario's challenge was to develop a world-class product that could effectively compete in this mushrooming industry.

Casino Windsor's "Canadian Club" room



Implementation

The site chosen by the province for the Windsor casino was initially proposed by Windsor City Council. The City agreed to assemble the six block parcel of land and make it available to the province. The downtown riverfront location is spectacular, and offers the greatest potential to assist Windsor's retail, hospitality and tourism sectors.

On April 19, 1993 the Ontario Casino Project issued a call for proposals for the financing, design, construction and operation of a casino complex in Windsor. The complex would include a 75,000 square foot casino, a modestly sized hotel, and an entertainment facility. In order to encourage patrons to visit restaurants and shops elsewhere in Windsor, the casino complex would have very few restaurants and almost no retail shopping space.

Industry interest was high in the provincial initiative, with twenty-four prospective Proponents attending an information session on April 30, 1993. By the June 30, 1993 deadline, the province had received nine high quality proposals.

A selection committee was appointed to review and evaluate the proposals. By way of ensuring an impartial selection process, the Committee was comprised of the Deputy Ministers of the Ministries of Consumer and Commercial Relations (chair); Culture, Tourism and Recreation; Economic Development and Trade; and Finance.

The selection process had two phases. The purpose of Phase I was to develop a short-list of bidders. The proposals were analysed from nine perspectives:

- Casino Complex design;
- management expertise and experience;
- strategic and operational business plan;
- financial;
- benefits to the province;
- human resources management;
- community relationships;
- other City of Windsor developmental business considerations; and
- security systems.

The Selection Committee was assisted by outside experts and Casino Project staff. In addition, a selection Review Panel of three prominent Ontario residents was established. The Review Panel provided independent and objective advice to the Selection Committee on the development of the selection criteria and ensured that the selection criteria and process were fair and complete.

Following analysis of the proposals and discussions with each Proponent, four were short-listed for Phase II. These companies then met the Selection Committee and its advisers to:

- respond to standards and parameters established by the Province:
- elaborate on their proposals and answer questions;
- respond to any issues which may have arisen from their proposals; and
- submit supplementary material, as required.

The Selection Committee made visits to casinos operated by each Proponent, in order to gather first-hand information about matters such as management style. Phase II also included intensive personal, corporate and financial background checks of the short-listed Proponents, as well as the issues of internal and external security related to the Casino Complex. These investigations were carried out by members of the Ontario Provincial Police seconded to the Casino Project. On December 3, 1993, the Selection Committee announced it had chosen Windsor Casino Limited — a consortium of Caesars World, Inc.; Circus Circus Enterprises, Inc.; and, Hilton Hotels Corporation.

The selection of Windsor Casino Limited was the last major task of the Ontario Casino Project, which was dissolved to make way for the Ontario Casino Corporation.

Concurrent with this process, the province also announced on March 12, 1993 that it intended to open an interim casino, since it would take a number of years to assemble the land and construct the permanent casino. The purpose of the interim casino was to create jobs sooner, introduce casino gaming to Windsor in an incremental manner, and build enthusiasm for the permanent casino.

Casino Windsor offers Roulette, Baccarat, Mini Baccarat, Blackjack, Big Six Wheel, Pai Gow Poker and Caribbean StudTM Poker. The downtown riverfront location is spectacular, and offers the greatest potential to assist Windsor's retail, hospitality and tourism sectors.



About the Ontario Casino Corporation

In Canada, the federal *Criminal Code* stipulates that only provincial governments may operate or license and regulate legal forms of gambling such as lotteries, bingo and certain casino games. As a consequence of that stipulation, the Ontario government formed the Ontario Casino Corporation to represent it in all matters concerning commercial casinos, except regulation. The Corporation's mandate is to ensure that casinos are run efficiently, effectively and according to established standards in terms of profitability, customer service and high quality products and services.

The Corporation is a schedule II agency, created under the authority of the *Ontario Casino Corporation Act*, 1993, proclaimed on December 2, 1993. Its headquarters are in Toronto.

As the principal objective of introducing casinos in Ontario is to stimulate new economic activity, the Corporation reports to the Minister of Economic Development, Trade and Tourism. The Corporation's activities are designed to maximize job creation, attract new tourists to Ontario, stimulate economic development, and generate revenue for the province.

The Interim Windsor Casino

The interim Windsor casino opened to the public on Tuesday, May 17, 1994. It is a temporary facility that will close once a permanent casino complex is completed in late 1997/early 1998. Even though it is a stop-gap measure, by the end of March, 1995 more than 4.8 million patrons had visited the casino — up to 80 per cent of whom were from the United States. This makes the casino Canada's most popular commercial tourist attraction.

The casino offers more than 70 table games and 1,700 slot machines in 50,000 square feet of gaming space. It has a small food court and is licensed for alcoholic beverages. Originally built as a brewery in 1955, the three-storey building at 445 Riverside Drive West was converted to an art gallery in 1975.

The Art Gallery of Windsor submitted a proposal to the province in the spring of 1993 that its building be used as a temporary casino. This idea was strongly supported by Windsor community leaders and downtown businesses. The province chose the gallery on June 30, 1993 and renovations began immediately after the art gallery vacated the building. Building systems such as heating, ventilation, air conditioning, lighting and sound absorption were replaced or upgraded. The building's ability to handle thousands of visitors daily was improved with the addition of an outside, covered waiting area, a larger entrance and vestibule, a grand staircase for improved access to all floors, a new elevator, a new lift for the handicapped, a new dining area and additional beverage/snack bars. Design changes also included 'back of house' support areas such as cash handling, shipping and receiving facilities, and improved staff facilities such as a portable staff dining area.

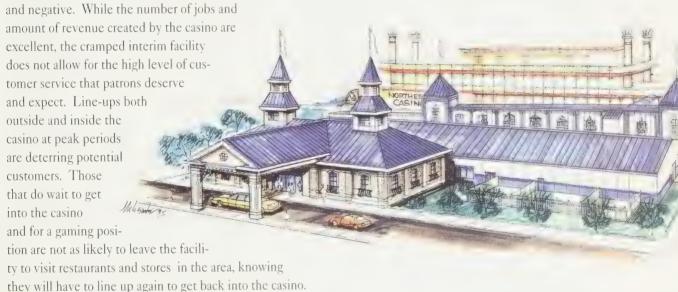
The facility was renovated and equipped in a very short time, with no compromises in the areas of safety and

security or quality. This achievement would not have been possible without the remarkable work performed by the casino's operator, Windsor Casino Limited, and its employees, and the exceptional assistance provided by the City of Windsor.

In March, 1995 a VIP area on the third floor was expanded and upgraded. Work is also underway which will improve coin handling facilities and employee areas such as expanding change rooms and lockers.

Expansion: A Riverboat Casino for Windsor

From the day it opened, the number of customers visiting the casino eclipsed everyone's forecasts, with a daily average of more than 16,300 persons. The implications of the high demand for *Casino Windsor* are both positive



For these reasons, in early 1995 the Corporation's Board asked the government for permission to expand the interim gaming capacity. Rather than build an addition onto the existing facility — essentially offering more of the same — the Corporation's preferred option was to open a riverboat casino in Windsor.

The riverboat would help build and protect the Corporation's market share during the permanent facility's construction, by increasing gaming space and improving the quality of the gaming experience. On August 10, 1995, the Corporation acquired a Mississippi-style paddlewheeler riverboat casino, christened *The Northern Belle*. The vessel is scheduled to begin operation in Windsor in December, 1995.

The riverboat will do more than just alleviate crowding. The vessel will employ at least 900 people, and in total will create more than 1,500 new jobs in the community. The riverboat will have a gaming space of approximately 23,000 square feet, 820 slot machines, 35 gaming tables, and a capacity of 1,500 passengers.

To help downtown revitalization and maximize economic spinoffs, the riverboat will be moored along the Detroit River in the heart of Windsor's downtown. Much like *Casino Windsor*, *The Northern Belle* will be a unique tourist attraction in the Windsor region. The riverboat is expected to draw more than 5,000 tourists a day or about 2 million per year, who will in turn inject an additional \$60 million into the Windsor economy.

The Permanent Windsor Casino Complex



The \$400 million permanent casino complex will be a dramatic addition to Windsor's downtown waterfront redevelopment. The facility includes a 75,000 square foot casino, off-track betting, a 400 room hotel, a dinner entertainment facility, three restaurants, lounges, meeting facilities, ancillary services appropriate to a hotel, and a multi-level parking garage. It will offer an impressive view of the Detroit skyline, which is considered to be one of Windsor's prime attractions.

The site comprises a six block parcel of riverfront land

The permanent casino complex will be a dramatic addition to Windsor's downtown.

in the Market area of the Windsor Central Business District. Two blocks have frontage on Riverside Drive East. The area is also bounded by Glengarry Avenue to the east, University Avenue East to the south and McDougall Street to the west.

The facility is scheduled to open in the fall of 1997, and will directly employ 3,000 people. More than 20,000 customers are expected to visit the facility daily.

The facility will take about 2 years to build, directly and indirectly creating more than 9,000 person-years of work in the process.

Windsor Casino Monitoring Committee

To ensure the casino's operation complements the high quality of life enjoyed by Windsor residents, an independent citizens committee provides the Minister of Economic Development, Trade and Tourism and the Ontario Casino Corporation with an important source of advice concerning the casino's operation and impact.

The first casino monitoring committee of its kind anywhere, the group is prescribed by the *Ontario Casino Corporation Act*, 1993, the law authorizing casinos in Ontario. Under the Act, the committee is mandated to identify and monitor the social, economic and law enforcement impacts of the casino.

The members of the committee are:

- Charles Clark (Chair), retired lawyer and business person
- Armando DeLuca (Vice-Chair), lawyer
- Karen Behune Plunkett, restaurateur
- Ted Farron, entrepreneur
- Donna Gamble, City Councillor
- Gary Parent, Financial Secretary-Treasurer of Local 444 Canadian Auto Workers
- Rochelle Tepperman, Chair, Windsor Police Services Board

Ensuring Safety and Security

Policing Outside the Casino

Like any other major tourist attraction or special event, a successful casino requires increased vigilance and activity by the local police. Coping with the traffic, parking problems, accidents and other mishaps that accompany large crowds — particularly out-of-towners — can substantially increase the calls for police service. Accordingly, the casino directly funds an additional 25 Windsor police officers. This increased police presence has raised the profile of law enforcement in the downtown and helped ensure that Windsor's reputation as a safe community has not been compromised.

Policing Inside the Casino

The operation of games of chance coupled with the large amounts of cash on the premises requires a comprehensive array of security measures within the casino. From the inception of the casino initiative in 1992, officials from the Ontario Provincial Police (O.P.P.), the Windsor Police Service, the Ontario Association of Chiefs of Police, Royal Canadian Mounted Police, and Canada Customs and Immigration have contributed recommendations and strategies, as well as human resources to meet the security needs of the Windsor casino.

An additional 25
Windsor police officers,
funded by the casino,
raised the profile of law
enforcement in the
downtown and helped
ensure that Windsor's
reputation as a
safe community has
not been compromised.

The Ontario Gaming Control Commission provides investigative and law enforcement functions inside the casino, through a seconded O.P.P. contingent of ten officers. Their mandate includes: the detection of cheating at play; liaison with local agencies and other national and international enforcement agencies and gaming regulators; the development of intelligence information as it relates to known gaming cheats or perpetrators of money laundering schemes; and, the detection of other criminal activity which might impact upon the integrity of the casino gaming industry and/or the assets of the casino and the Ontario Casino Corporation. These officers provide full-time police presence within the casino and maintain an office on the premises.

A separate and dedicated unit, known as the Joint Forces Intelligence Unit, comprised of officers representing the O.P.P., the Windsor Police Service, and Canada Customs and Immigration, is responsible for developing Intelligence information, and generally detecting and preventing organized crime involvement or attempted involvement in the casino operations.

In addition, the casino operator maintains a 125 member security staff and utilizes one of the world's most sophisticated closed circuit video monitoring systems.

Organizational Framework

The Province of Ontario

has established separate regulatory and operational entities for the casino industry in Ontario.



The Ontario Casino Corporation and the Ontario Gaming Control Commission report to different provincial ministries. This helps ensure the regulatory function is rigorous, impartial and fair, while providing flexibility for the operational/policy arm. The separation provides the necessary checks and balances between financial and operational requirements and security objectives.

The Ontario Gaming Control Commission, assisted by a substantial number of seconded O.P.P. officers, regulates and investigates all companies, employees and suppliers of goods and services in Ontario's charitable gaming industry, and commercial casinos, to help ensure the honesty and integrity of the industry.



The Ontario Casino
Corporation is responsible for
the management, operational and
policy functions of both the
Windsor casino and the Rama
First Nation casino, and any subsequent casinos in the province.



Ontario Casino Corporation

Independent Assessments of Casino Windsor

Since the interim casino opened, the Ontario Casino Corporation has commissioned two independent assessments of the casino's impact on the community and its economic spinoffs.

The first assessment, by Ernst & Young, examined the first three months of operation, and also the manner in which the casino had been established. The second assessment was done by KPMG Peat Marwick Thorne and evaluated the first twelve months of operation.

Both consulting firms issued very positive reports about the casino.

Key Findings of Ernst & Young November, 1994 Report

When the Ernst & Young report was released, its authors were asked by the media to grade the performance of the casino. Their reply: "A+".

The study found that the interim facility was already downtown Windsor's biggest employer and was producing significant spinoffs throughout the province. Construction and fitting of the interim casino alone generated 2,000 person-years of work. The report forecast that during the first year, new tourists would spend \$153 million outside of the casino in the Windsor area. Many restaurants and almost every hotel had seen a sharp upturn in business. Hotels were often sold out on weekends.

During the first three months, 16,000 casino patrons asked about other Windsor attractions at the tourism kiosk located inside the casino. Best of all, when surveyed, the vast majority of tourists said they intended to visit Windsor again.



The report concluded that, to a large extent, Windsor businesses which had directly increased marketing efforts towards the additional visitors had reaped substantial rewards.

The report also had praise for the manner in which the casino had been established. "The process of implementing the casino was effectively planned and expeditiously conducted due to the concerted efforts of the provincial and municipal governments and other local groups and organizations. The extensive advance planning resulted in very few problems or difficulties in the initial months of operation."

Ernst & Young identified the following as "key ingredients of success":

- extensive research and expert advice;
- comprehensive and rigorous operator selection process;
- public and stakeholder consultation;
- planning for the infrastructure needed by the casino and its visitors parking, traffic flow, garbage removal, etc.;
- planning for security and policing requirements;
- human resources training and recruitment planning;
- experienced operator;
- good working relationship among all levels of government;
- goodwill and trust among all parties; and
- leadership and commitment from the province and City.

Although concerns were expressed prior to the casino's arrival about issues such as increased crime, traffic congestion, and noise, the study concluded that careful planning and quick action by the Corporation, the casino operator and the City ensured that such problems did not occur or were quickly solved.

The report concluded that the "experience to date demonstrates that the casino has provided substantial benefits to both Windsor and the province, without evident adverse impacts."

Key Findings of KPMG November, 1995 Report

In economic terms, the KPMG study judged the casino's first year to be an "unqualified success," and that the casino "has added a prominent chapter to Windsor's economic success story."

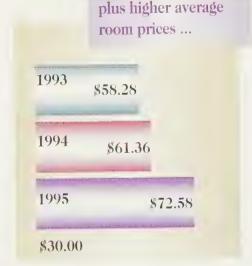
"It has created a new sense of vibrancy in the local community. Many people spoke of a new sense of optimism and a positive spirit in Windsor, where elected officials and businesses believe in Windsor again and look forward to the opportunities that the casino brings."

In its first year, the casino created 7,200 person-years of employment in Ontario, two-thirds of which were in Windsor-Essex

		Windsor		Levels
		Canada Ontario		
	1991	1992	1993	1994
Windsor	12.4 %	12.8 %	11.4 %	9.1 %
Ontario	9.6 %	10.8 %	10.6 %	9.6 %
Canada	10.3 %	11.3 %	11.2 %	10.3 %
			Source: KPM	G, November 1995

Unemployment





Since the casino opened in mid-May 1994, downtown hotel revenues have increased by 50%.

County. Spending from *Casino Windsor* operations and by tourists contributed \$752 million to the Ontario economy, of which \$331 million (44%) was in Windsor-Essex County.

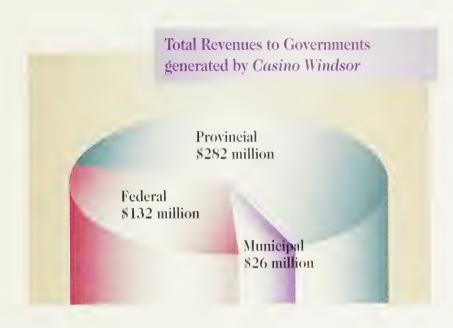
Average annual income for the jobs created directly by the casino's operation was \$37,000, and \$36,000 for those jobs created through increased tourism. These figures include the wages and salaries paid to the employees, tips, and employer's payroll costs such as benefits.

Revenues that flowed to the three levels of government as a result of the casino's first year of operation totalled \$440 million.

The report noted that in late 1994 the Canadian Bond Rating Service hiked the city's credit rating an unusual two levels, to A+, citing the casino as one of the reasons for its optimism. The Service concluded that Windsor "can and probably will continue to outperform most major Canadian municipalities for at least the next two years."

Revitalizing the downtown area was a key reason for Windsor's aggressive pursuit of a casino. City officials saw the permanent casino as a vehicle to diversify the community's economic base and establish the municipality as a major player in the Canadian tourism market.





KPMG found that the interim casino had already scored high marks in this category, despite being a limited facility with virtually no amenities.

The evaluation describes *Casino Windsor* as "good news for the tourism industry," and credits the casino with heightening Windsor's profile as a tourist destination. As a result of more than 5.5 million casino visits a year, downtown hotel room revenue climbed 50% and most restaurants and night

clubs reported significantly higher sales. Many retailers also reported an increase in sales, and KPMG estimates that easino customers spent more than \$29 million on retail during the first year.

The report notes that many businesses (primarily retail) had hoped the sales increases would have been higher. KPMG concluded that merchants may not have understood the changes required to successfully market to this new group of customers, but that there was evidence that the merchants were now realizing the need for more aggressive marketing strategies.

Like the Ernst & Young study, KPMG discerned through its interviews with community leaders that Windsor's decision to seek a casino was not arrived at without some hesitation and anxiety. This stemmed from concerns

such as the potential lack of parking, increased traffic and increased crime that might occur because of the surge in tourism.

Such problems, for the most part, did not materialize.

KPMG said the bulk of the credit belongs to the casino management and provincial and municipal officials. "For example, as a result of the careful planning and measures taken by law enforcement agencies, people now actually feel safer and more secure in the downtown area than was the case previously."



The high visibility of police in the neighbourhood around the casino and the increased number of pedestrians and vehicles in the downtown area both contributed to the perception of public safety around the casino and downtown.

The report states that the impact of *Casino Windsor* on those who have or are prone to have a gambling problem remains unknown. A 'before and after' study of the incidence and impacts of problem gambling is being conducted by the University of Windsor. Results from the second phase of this study should be known within a year.

Overall, the evaluation concludes, *Casino Windsor's* first year of operation "was a real success," and that "the potential exists to derive further benefits as the community learns to capitalize on the presence of the casino."

In its first year, the casino created 7,200 person-years of employment in Ontario, two-thirds of which were in Windsor-Essex County.

Spending from Casino Windsor operations and by tourists contributed \$752 million to the Ontario economy.

Labou	r Income	for Wine	lear and	Ontario
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	Windsor Operations	Windsor Incremental Tourism	Windsor Total
Direct Labour Income	\$82 million	\$25 million	\$107 million
Indirect and Induced	\$93 million	\$49 million	\$142 million
Total Labour Income	\$175 million	\$74 million	\$249 million
	Ontario Operations	Ontario Incremental Tourism	Ontario Total
Direct Labour Income	\$89 million	832 million	\$121 million
Indirect and Induced	\$150 million	\$106 million	\$256 million
Total Labour Income	\$239 million	\$138 million	\$377 million
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Source: KPMG, November 1995

Casino	Windsor's	Value-added	in the	Windsor-Essex	economy

	Operations	Incremental Tourism	Total
Value-added, Direct	\$92 million	\$41 million	\$133 million
Value-added, Indirect and Induced	\$136 million	\$62 million	\$198 million
Total Value-added	\$228 million	\$103 million	\$331 million

Casino Windsor's Value-added in the Ontario economy

	Operations	Incremental Tourism	Total
Value-added, Direct	\$349 million	\$54 million	S403 million
Value-added, Indirect and Induced	\$209 million	\$140 million	S349 million
Total Value-added	\$558 million	\$194 million	\$752 million

Source: KPMG, November 1995

Casino Rama Resort



Following the Ontario government's 1992 decision to establish a casino pilot project in Windsor, the Ministry of Consumer and Commercial Relations and Ontario's First Nations began discussions concerning First Nations participation in casino gaming. In the fall of 1993, the province agreed to a First Nations casino with a maximum of 75,000 square feet of gaming space.

The objectives of the First Nations Casino Project are:

- to ensure that the Project provides increasingly progressive economic opportunities to Aboriginal people both within and external to the operation;
- to act as a catalyst for economic development for the host First Nation and surrounding communities;
- to provide revenues to all First Nations in Ontario;
- to promote the tourism and hospitality industries; and
- to create jobs.

An independent Site Selection Panel was established to review and evaluate the 14 proposals involving 27 First Nations that were submitted by the deadline of February 28, 1994. The selection criteria addressed all issues relevant to the choice of a site for a commercial casino location, including the market, tourism and economic benefits and the planning and engineering considerations that would impact on any casino development.

In December, 1994 the Site Selection Panel announced it had selected the Chippewas of Rama First Nation as the host of the First Nations casino. Rama is located near the City of Orillia, about 135 kilometres north of Toronto. The site for the casino consists of approximately 40 acres of land fronting on Lake Couchiching, which is part of the Trent-Severn Waterway, connecting to the Great Lakes.

Following the decision of the Site Selection Panel, the Ontario Casino Corporation became involved and began working with the Chippewas of Rama to develop and implement the casino initiative.

A Request for Proposals for the financing, interior design, construction and operation of the *Casino Rama Resort* was issued on May 1, 1995, with a submission deadline of July 12, 1995. Proposals were submitted by: Bally's Ontario Casinos, Inc.; Carnival Hotels and Casinos; Gaming World International and SNC-Lavalin; Grand



Casinos, Inc.; Leisureworld Management Inc. in association with Players International Inc.; and Sault Ste. Marie Tribe of Chippewa Indians.

Companies were asked to submit proposals for a casino complex with approximately 50,000 square feet of gaming space, an entertainment facility, restaurants, retail shops and a hotel. A Coopers and Lybrand analysis anticipates the permanent *Casino Rama Resort* will create, directly or indirectly, 5,900 full-time jobs in the province. For example, the casino resort itself is expected to employ more than 1,300 people, and increased tourism in the region is also expected to create nearly 1,500 jobs. In addition to these figures, construction of the permanent casino should see the one-time creation of nearly 900 person-years of employment.

On August 29, 1995 the Selection Committee, with the assistance of a Review Panel, short-listed three companies to continue in the selection process: Bally's Ontario Casinos, Inc.; Carnival Hotels and Casinos; and Grand Casinos, Inc.

On October 11, 1995 the company with which negotiations would begin for the financing, design, construction and operation of the casino was announced: Carnival Hotels and Casinos. The company had been chosen by the Selection Committee and this decision was ratified by the Chief and Council of the Chippewas of Rama and the Board of Directors of the Ontario Casino Corporation.

Carnival Hotels and Casinos is part of the Carnival Corporation family, combining the resources of the world's largest cruise corporation and one of North America's leading hotel management companies. Carnival Hotels and Casinos has approximately US \$2 billion in assets under management and development with a diverse portfolio of properties, including land-based and riverboat casinos, hotels, resorts, all-suite hotels, and conference centres.

An interim casino is scheduled to open in the spring of 1996, and construction of the permanent complex is expected to be completed in 1998.



Board of Directors

The Corporation's first directors were appointed on an interim basis pending establishment of a permanent board. The interim board members (and their positions at the time of the appointment) were:

- Peter Barnes (Chair), Deputy Minister, Ministry of Economic Development and Trade
- Dr. Elaine Todres, Deputy Minister, Ministry of Culture, Tourism and Recreation
- Jay Kaufman, Deputy Minister, Ministry of Finance
- Michele Noble, Deputy Minister, Ministry of the Solicitor General and Correctional Services
- Ingrid Peters, Director, Legal Services Branch, Ministry of Economic Development and Trade

The Corporation's permanent board held its inaugural meeting in March, 1995. Board members were appointed from across Ontario and bring together experience in such diverse areas as municipal government, the tourism and hospitality sector, labour, law, banking, finance, and real estate. The members of the Board of Directors as of March 31, 1995 were:

- G.S. Bennett (Chair), corporate director and business consultant
- Peter Barnes, Deputy Minister of Special Projects
- Joseph Comartin, Windsor lawyer
- Evelyne Dreyfus, Ottawa-area developer
- Joanne De Laurentiis, President of Interac
- Gordon Hepburn, Former president and CEO of Thomas Cook Canada Ltd.
- Shoba Khetrapal, Vice-President and Treasurer of Moore Corporation Limited
- Sharon Paul, Executive Vice-President, Public Affairs for Labatt Breweries of Canada
- Ross Reilly, Sault Ste. Marie lawyer
- Ken Signoretti, Executive Vice-President of the Ontario Federation of Labour

As of March 31, 1995 the total remuneration paid to all the Directors was \$2,850.

Management's Responsibility for Annual Reporting

Management of the Corporation is responsible for the preparation of the financial statements and all other information included in this report. This responsibility includes the selection of appropriate accounting principles as well as making informed judgements and estimates in accordance with generally accepted accounting principles.

The Corporation maintains an appropriate system of internal control to provide reasonable assurance that relevant and reliable financial statements are produced and that Corporation assets are properly safeguarded. KPMG Peat Marwick Thorne, the Corporation's independent auditor appointed by the Board of Directors, is responsible for auditing the financial statements. Their report outlines the scope of their examination and their opinion on the financial statements.

The financial statements have been reviewed and approved by the Board of Directors and its Audit Committee. This Committee meets from time to time with management and the auditors who have direct access to the Committee.

Domenic Alfieri

President

Drew Chamberlain Manager of Finance

Toronto, Canada June 14, 1995

Auditors' Report

To the Board of Directors of the Ontario Casino Corporation and the Minister of Economic Development and Trade

We have audited the balance sheet of the Ontario Casino Corporation as at March 31, 1995 and the statements of income, retained earnings and changes in financial position for the period from the commencement of operations on April 1, 1994 to March 31, 1995. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1995 and the results of its operations and the changes in its financial position for the period from the commencement of operations on April 1, 1994 to March 31, 1995 in accordance with generally accepted accounting principles.

KPMG Peat Marwick Thomas

Chartered Accountants Toronto, Canada June 14, 1995



Ontario Casino Corporation

Balance Sheet

March 31, 1995 (In thousands of dollars)

\$ 58,826
1,268
398
725
61,217
34,576
7,637
42,213
11,751
\$ 115,181
\$ 12,063
66,958
36,160
 103,118
\$

See accompanying notes to financial statements.

On behalf of the Board:

Sharon Paul, Director Gord Hepburn, Director

Ontario Casino Corporation

Revenue:

Statement of Income

For the period from the commencement of operations on April 1, 1994 to March 31, 1995 (In thousands of dollars)

Gaming	\$ 418,950
Non-gaming	28,687
Investment income	5,279
Other	2,673
	455,589
Less promotional allowances	6,223
	449,366
Costs and expenses:	
Gaming:	
Win tax (note 5)	83,790
Operations	38,522
	122,312
Non-gaming	14,956
Operator's fee (note 7(b))	26,824
General and administration	16,507
Amortization	16,018
Lease and rental	12,457
Goods and Services Tax	3,625
Interest on funds advanced by Windsor Casino Limited	2,620
Other	1,929
	217,248
Net income:	\$ 232,118

See accompanying notes to financial statements.

Ontario Casino Corporation Statement of Retained Earnings

For the period from the commencement of operations on April 1, 1994 to March 31, 1995 (In thousands of dollars)

Retained earnings, end of period	\$ 66,958
	(36,160)
Gaming creditor reserve	(1,020)
Severance reserve	(2,263)
Operating reserve	(25,146)
Capital renewal reserve	(7,731)
Transfers to reserves:	
Payments to the Province of Ontario	(129,000)
Net income	232,118
Retained earnings, beginning of period	\$ -

See accompanying notes to financial statements.

Ontario Casino Corporation

Statement of Changes in Financial Position

For the period from the commencement of operations on April 1, 1994 to March 31, 1995 (In thousands of dollars)

Cash provided by (used in):	
Operations:	
Net income	\$ 232,118
Amortization which does not involve cash	16,018
Changes in non-cash operating working capital	9,672
	257,808
Financing:	
Funds advanced by Windsor Casino Limited	60,254
Repayment to Windsor Casino Limited	(60,254)
Deferred lease costs	(11,751)
Payments to the Province of Ontario	(129,000)
	(140,751)
Investing:	
Acquisition of capital assets	(47,692)
Pre-opening expenditures	(10,539)
	(58,231)
Increase in cash	58,826
Cash, beginning of period	-
Cash, end of period	\$ 58,826

Cash is defined as cash and short-term investments.

See accompanying notes to financial statements.

Ontario Casino Corporation

Notes to Financial Statements

For the period from the commencement of operations on April 1, 1994 to March 31, 1995 (Tabular amounts in thousands of dollars)

Organization:

On December 2, 1993, the *Ontario Casino Corporation Act*, 1993 (the "Act") established the Ontario Casino Corporation (the "Corporation"). The Corporation was established without share capital and is not liable for income taxes under the *Income Tax Act* (Canada). The objectives of the Corporation are:

- to conduct and manage games of chance;
- to ensure that games of chance are conducted and managed in accordance with this Act and the *Gaming Control Act*, 1992 and regulations made under these Acts;
- to provide for the operation of casinos; and
- to provide for the operation of any business that it considers reasonably related to operating a casino, including any business that offers goods and services to persons who play games of chance in a casino.

The Corporation commenced active operations on April 1, 1994. On May 17, 1994, a 48,000 square foot interim casino was opened in the City of Windsor.

1. Significant accounting policies:

(a) Gaming revenue and promotional allowances:

Gaming revenue represents the net win from gaming activities, which is the difference between amounts wagered and payouts by the casino. Gaming revenue includes promotional allowances. The allowances are equal to the retail value of accommodation, food and beverage furnished to patrons at no cost. The cost of the promotional allowances are charged to operations.

(b) Inventory:

Inventory is stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets are stated at cost. Amortization is provided using the following methods and annual rates:

Furniture, fixtures and equipment	Straight-line over three to five years	
Parking facilities	Straight-line over three years	
Leasehold improvements	Straight-line over the term of lease	

(d) Pre-opening expenditures:

Certain expenditures, consisting of compensation, consulting and other costs incurred in connection with the development and opening of *Casino Windsor*, are deferred and are amortized over a three-year period.

(e) Deferred lease costs:

Aggregate expenditures in connection with leased assets and the benefit from lease inducements are amortized evenly over the term of the lease.

(f) Foreign currency translation:

Monetary assets and liabilities are translated at the year-end exchange rates. Statement of income items are translated at the rates of exchange in effect at the transaction date. Translation gains and losses are included in income.

2. Reserves:

During the year, the Corporation appropriated funds on account of *Casino Windsor* amounting to \$36,160,000 for the following purposes:

- Capital renewal reserve for capital asset additions for the interim
 Casino Windsor complex other than normal repairs or major improvements.
- Operating reserve to satisfy specified obligations in the event that revenue will be insufficient to meet such obligations.
- Severance reserve

 to satisfy obligations arising from termination or layoff of employees in the event of the early termination of the interim casino operating agreement.
- Gaming creditor reserve to satisfy regulatory requirements.

Cash funds are held in separate bank accounts for such use as follows:

Capital renewal reserve	\$ 7,731
Operating reserve	25,146
Severance reserve	2,263
Gaming creditor reserve	1,020
	\$ 36,160

3. Accounts receivable:

Casino receivables	\$ 447
Interest receivable	434
Other	387
	\$ 1,268

4. Capital assets:

Cost	Accumulated amortization	Net carrying amount
\$ 37,947	\$ 10,561	\$ 27,386
7,516	2,229	5,287
2,229	326	1,903
47,692	13,116	34,576
10,539	2,902	7,637
\$ 58,231	\$ 16,018	\$ 42,213
	\$ 37,947 7,516 2,229 47,692 10,539	Cost amortization \$ 37,947

5. Win tax:

The Corporation remits win tax to the Province of Ontario weekly. This tax amounts to 20% of gross operating receipts from gaming activities, including the retail value of promotional allowances.

6. Head office expenses:

Included in costs and expenses, are the expenses of head office as follows:

Salaries, wages and benefits	\$ 540
Transportation and communication	104
Purchased services	1,214
Amortization	160
Lease and rental	180
Other	91
	\$ 2,289

7. Commitments and other contingencies:

(a) Obligations under operating leases:

The Corporation leases certain premises and parking lots. Future minimum lease payments, by year and in aggregate, under non-cancelable operating leases with an initial or remaining term of one year or more consist of the following:

1996	\$ 8,78
1997	4,74
1998	2,17
1999	30
2000	15
	\$ 16,15

(b) Interim Casino Operating Agreement:

The Corporation has entered into an agreement with Windsor Casino Limited ("WCL"), owned equally by Caesars World, Inc., Circus Circus Enterprises, Inc. and a subsidiary of Hilton Hotels Corporation to develop and operate *Casino Windsor*, the Corporation's first casino.

The casino is owned by the Corporation. Under the terms of the agreement, WCL is entitled to receive 2.75 % of gross operating receipts and 5 % of net operating margin, both as defined in the interim casino operating agreement.

Casino Windsor is being operated at an interim facility until the completion of the permanent casino. The permanent facility, to be built in Windsor, is in the planning stage and is expected to include a 75,000 square foot casino, a hotel, food and beverage outlets and other amenities. This complex, which will be built in downtown Windsor, will be owned by the Corporation and is expected to open in 1997. The estimated cost of this complex is approximately \$400,000,000, a portion of which will be advanced by WCL.

The Corporation, WCL and its principals are currently negotiating operating and development agreements for the permanent casino complex for *Casino Windsor*.

(c) Casino Rama Resort:

On December 5, 1994, the Chippewas of Rama First Nations were selected by an independent selection panel to host the First Nations casino. A request for proposal was issued in order to select a group to develop and operate the casino. The Corporation and Chippewas of Rama First Nations are committed to plan, design and develop a casino complex on the Rama First Nations territory.

(d) Riverboat casino:

The Corporation intends to develop a riverboat casino along the Windsor riverfront. The estimated cost of this casino is up to \$50,000,000, depending on the vessel selected and the amount of the land-based improvements.

(e) Contingent liabilities:

WCL and one of its previous employees are co-defendants in a litigation brought forward by a currency exchange supplier (the "Supplier") for damages totalling \$30,100,000. The Supplier alleges that WCL breached a contract concerning services to be provided to the interim casino in Windsor. Under Section 8.3 of the Interim Casino Operating Agreement (the "Agreement"), the Corporation has agreed that any losses suffered by WCL as a result of any third party claim arising out of WCL's performance of the Agreement or occurring in connection with the operation or development of the interim casino complex, shall be recoverable from *Casino Windsor* provided that the claim did not arise out of wilful misconduct of WCL. This litigation is in the preliminary stages and the outcome is not currently predictable. Settlement, if any, will be accounted for during the period of resolution. Management of the Corporation and WCL believe that the ultimate outcome of this matter will not have a material impact on the Corporation's financial statements and they intend to vigorously defend this action.

The Corporation has accounted for Goods and Services Tax ("GST") in accordance with arrangements orally agreed upon between the Corporation and the federal government. These arrangements are anticipated to be confirmed in the GST Regulations, yet to be released. Adjustments, if any, will be accounted for during the period when the proposed amendments to the Regulations are announced by the federal government.

8. Subsequent event:

On May 17, 1995, the Corporation purchased a parcel of land from the City of Windsor for the development of a permanent casino complex. The acquisition price of the land was \$55,000,000 and was financed through a loan provided by the Ontario Financing Authority bearing interest at 7.5% per annum and repayable on March 17, 1996.

In addition, the Corporation has agreed to provide the City with a fixed return over 20 years commencing the earlier of:

- (a) the month following the last monthly payment under the interim casino parking lot lease, and
- (b) May 1, 1998

in the amount of \$2,600,000 per annum for the first ten years and \$3,000,000 per annum for the last ten years. As a term of the land purchase, the Corporation will make a development cost contribution of \$4,000,000 to the City with respect to improvements to a market and riverfront park adjacent to the permanent casino site. The Corporation will also reimburse the City for its share of infrastructure costs which are expected to range from \$8,000,000 to \$16,000,000.

Management's Discussion and Analysis

As of March 31, 1995, *Casino Windsor* had 2,029 employees, and had generated revenues of \$453 million over the first 10.5 months of operation, which included a 27-day strike from March 9 to April 5, 1995. In addition to the measurable results produced by the casino, there have been significant spin-off effects in the Windsor and provincial economies from the development and operation of the casino.

In its first year of operations, *Casino Windsor* has developed a reputation as one of the world's most successful casinos. Management is dedicated to expand on the results of the Corporation's first year by exploring opportunities for growth while conforming to the Corporation's objectives and responsibility to the province.

Financial Highlights

Revenues of the Corporation and revenues accruing to the province

Total revenues of the Corporation were \$456 million for the period from the commencement of operations on April 1, 1994 to March 31, 1995. All revenues were generated by *Casino Windsor* with the exception of \$3 million of investment income attributable to the Corporation's head office. Of the total revenue, \$419 million was earned directly from gaming activities. Other sources of revenue include food and beverage, parking, foreign currency exchange, automated teller machines and investments.

Direct revenue for the province is generated from two sources. The first is termed a "win tax" which is equal to 20% of gross operating receipts from gaming activities received by *Casino Windsor*. The second is comprised of the net income earned by the Corporation. As of March 31, 1995 the province had collected \$83.8 million in win tax from *Casino Windsor*, and the Corporation earned net income of \$232.1 million, generating a total of \$315.9 million in revenue for the province.

On March 30, 1995, the Corporation distributed, at the instruction of the Minister of Finance, \$129 million to the Consolidated Revenue Fund of the province. This represented the excess cash position of the Corporation at that date, and has been accounted for as a reduction in retained earnings of the Corporation. Of the remaining cash balance of \$58.8 million at March 31, 1995, \$36.1 million was retained by the Corporation in the event that reserve obligations established by the Corporation and Windsor Casino Limited were required, while the remaining \$22.7 million was required to satisfy ongoing operating commitments.

Operating costs and expenses

Total operating costs and expenses of the Corporation for the period from the commencement of operations on April 1, 1994 to March 31, 1995 were \$217.2 million. These are costs and expenses of the *Casino Windsor* operations, with the exception of \$2.3 million head office expenses. The more significant costs of operating the casino are win tax - \$83.8 million, salaries, wages and benefits - \$55.2 million, and operator fees - \$26.8 million.

Pre-opening costs and expenditures

The Art Gallery of Windsor (the "Art Gallery") required significant renovations in order to be converted to a

casino. Including taxes and interest, these improvements amounted to \$23 million. A condition of the Corporation's agreement with the Art Gallery required that the Art Gallery arrange financing for the cost of these improvements. The terms of the lease required repayment to the Art Gallery of the amount over 12 months commencing June 1994. In respect of these improvements, \$4 million was owed to the Art Gallery at March 31, 1995, and \$7 million was expensed in the accounts for the period from the commencement of operations on April 1, 1994 to March 31, 1995.

A condition of the interim casino operating agreement between the Corporation and Windsor Casino Limited required Windsor Casino Limited to provide all financing for expenditures made during the pre-opening period. Amounts advanced by Windsor Casino Limited relating to the opening of the casino were used for:

	\$ millions
Furniture, fixtures and equipment	\$34.7
Pre-opening expenditures, including salaries and wages	11.0
Other advances including casino cash requirements	14.6
Total advanced	\$60.3

The terms of the interim casino operating agreement state the advance is recoverable from casino revenues. As of March 31, 1995, Windsor Casino Limited had recovered the full amount of the advance of \$60.3 million plus interest.

Outlook

Casino Windsor

On May 17, 1995, the Corporation purchased a parcel of land from the City of Windsor for \$55 million for the development of a permanent casino facility. The purchase was financed through an interest bearing loan at 7.5% per annum and repayable on March 17, 1996. The permanent casino is expected to open in 1997, and the cost of the complex is expected to be approximately \$400 million. It is anticipated Windsor Casino Limited will advance the first 25% of the total cost to construct the facility, with the Corporation financing the remainder from the surplus cash of operations. Windsor Casino Limited will be repaid its advance from the gross revenues of the permanent facility.

The Corporation has negotiated an agreement to acquire a riverboat casino to be docked on the Windsor riverfront. It is anticipated the costs relating to the acquisition and infrastructure of the riverboat will be approximately \$50 million. The charter payments will be made from surplus cash received from operations. The riverboat is expected to increase revenues by more than \$220 million annually to the Corporation and will employ an additional 900 people. The riverboat will cease operations upon the opening of the permanent facility.

Casino Rama Resort

As of March 31, 1995, the Corporation had advanced \$200,000 to the Chippewas of Rama First Nation and during the first two quarters of the current fiscal year has advanced a further \$3.5 million for casino development purposes. Further advances relating to the development of the Rama First Nation Casino will be made until an Operator has been selected. Once selected, the Operator will be responsible for financing the development of the casino and reimbursing the Corporation for all advances.



Ontario
Casino
Corporation

161 Bay Street Suite 2540 P.O. Box 506 Toronto, Ontario M5J 2S1 CAZON OCC - A56









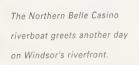






Annual Report

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The Northern Belle paddlewheel riverboat is one of Canada's biggest tourist attractions.

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November, 1996

Honourable William J. Saunderson, F.C.A. Minister of Economic Development, Trade and Tourism Hearst Block Toronto, Ontario

Sir:

On behalf of the Board of Directors of the Ontario Casino Corporation, I have the honour to submit to you the Annual Report of the Corporation for the fiscal year ended March 31, 1996.

Respectfully submitted,

G.S. Bennett

Chair

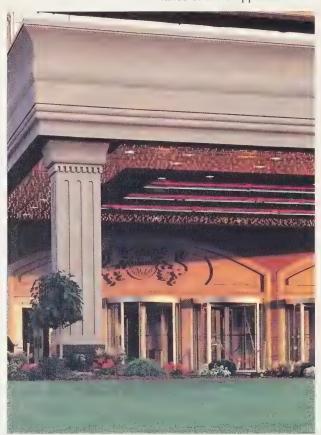
Board of Directors

Ontario Casino Corporation

Message from the Chair

This annual report relates to the fiscal year of the Ontario Casino Corporation ended March 31, 1996, being the second year of business for the Corporation.

The highlights for the year included the commencement of the construction of *Casino Rama*, Ontario's second commercial casino, near Orillia on the lands of the Chippewas of Rama First Nation; the opening of the *Northern Belle*



Casino riverboat in Windsor to alleviate crowding at Casino Windsor and to provide patrons with a different and improved gaming experience; the announcement by the Ontario government that the province's third commercial casino will be located in Niagara Falls, with a targeted opening in late 1996; continuing exemplary operating and financial performance by Casino Windsor and the Northern Belle Casino; and the release of a report on Casino Windsor's first year of operations prepared by KPMG.

While the management, staff and directors of the Corporation are proud of each of the Corporation's accomplishments to date, all of us derive particular satisfaction from the findings of the KPMG report concerning Casino Windsor's first year in business. The key findings include the following: Casino Windsor created 7,200 person-years of employment in Ontario; spending from casino operations and by patrons

contributed \$752 million to the province's economy; the casino created revenues for the federal, provincial and municipal governments aggregating \$440 million; and patrons made 5.5 million visits to the casino, resulting in major revenue increases for local hotel keepers, restaurateurs and retailers. In our view, the KPMG report clearly validates the provincial government's support of commercial casinos in Ontario and the approach taken by the Corporation to the operation of those casinos.

The Corporation's casinos are playing an increasingly important role in the expansion of Ontario's tourism industry. As noted elsewhere in this report, *Casino Windsor* currently constitutes the most popular commercial tourist attraction in Canada. Because over 80 per cent of the patrons of the Windsor casinos come from outside Ontario, the expenditures made by those patrons during their visits to the province constitute a significant net contribution to Ontario's economy. There is every reason to believe that when *Casino Niagara* opens later this year in Niagara Falls, the Windsor experience will be replicated.

The successes of the Corporation to date are attributable in no small measure to the efforts of the private-sector operators of *Casino Windsor*/the *Northern Belle Casino, Casino Rama* and *Casino Niagara*. For those efforts, the Board of the Corporation expresses appreciation to Windsor Casino Limited, Carnival Hotels and Casinos, and the Navegante Group, respectively. Finally, it is my pleasant duty to acknowledge on behalf of the Board the continuing accomplishments of the Corporation's management and staff. The President, Domenic Alfieri, and the other members of his team bring to the Corporation a rare combination of sound business judgment, appreciation of public policy and genuine commitment to the success of the Corporation. My fellow Board members and I are proud of the team.

BA

G.S. Bennett Chair



Casino Rama is becoming
Central Ontario's largest
tourist attraction.

Message from the President

The Ontario Casino Corporation (OCC) has seen the volume and scope of its work expand substantially during the 24 months it has been in business. What began with *Casino Windsor* has now grown to include the *Northern Belle Casino, Casino Rama* and *Casino Niagara*.

The setting for each casino could hardly be more different. The border community of Windsor is primarily industrial, and *Casino Windsor* and the



Northern Belle Casino riverboat are being used to create a tourism industry where little tourism activity occurred previously. Casino Rama is located in the cottage country of central Ontario, and the casino will offer a year-round attraction to a seasonal and primarily domestic tourism market. Niagara Falls is in a league of its own: a tourist destination of global stature, attracting an estimated 14 million visitors annually, a large number of whom are from overseas. The casino will prompt many of these visitors to spend more time in the Niagara Region, as well as attracting millions of new visitors who otherwise would not have visited the area.

These widely varying settings have caused us to work closely with each host community, so as to accommodate their

particular objectives for the casino initiative while still optimizing the benefits to the province. For all of the properties, however, our approach on one issue has been constant: You get only one chance to make a good first impression, so do it right the first time.

We insist that all our casinos offer the best possible entertainment experience for good reason. While at first glance it may seem that the OCC has a monopoly on casino gaming in the province, this really is not the case. With competing casinos just one or two miles from our border, such as the Hull casino and Vegas Kewadin in Sault Ste. Marie, Michigan, and gaming destinations

such as Las Vegas and Atlantic City an inexpensive plane ride away, we cannot take our market for granted. Today's casino customers have many choices, and when they choose an Ontario casino it means local jobs and economic development.

I want to thank the OCC staff for their excellent work during the past year. While the number of OCC casinos has grown, the OCC itself has remained the same size with a dozen employees. I believe our small size has enabled us to remain a responsive and nimble corporation, and has contributed substantially to our success.

Equally important have been the contributions of the private-sector operators of each property. These companies bring with them decades worth of operating and marketing savvy, and enable Ontario to offer a quality gaming product that can compete with anything else in North America.

Much work remains. This coming year we will pass the halfway point in the construction of the permanent Windsor casino. We will also see the opening of the interim casino in Niagara Falls and the further development of the permanent Niagara Casino/Gateway Project. The Project is our biggest undertaking to date, and I am confident the final product will be of tremendous benefit to the Niagara Region and Ontario.

Domenic Alfieri President

One of the Northern Belle Casino's four smokestacks.



- Goals of the Ontario casino initiative:
- . To act as a catalyst for community economic development.
- · To create jobs.
- . To promote the tourism and hospitality industry.
- To establish a viable new industry.
- To generate revenue for the province.

About the Ontario Casino Corporation

The Ontario Casino Corporation is a provincial crown agency that represents the Ontario government in all matters (except regulation) concerning the ownership, operation and control of commercial casinos.

The Corporation was created by the Ontario Casino Corporation Act, 1993, proclaimed December 2, 1993. While the day-to-day operations of each OCC casino are contracted out to a private-sector firm, the OCC retains ownership of the business and authority over each casino from its headquarters in Toronto.

As the principal objective of operating commercial casinos in Ontario is to stimulate new economic activity, the Corporation reports to the Minister of Economic Development, Trade and Tourism. The Corporation's activities are designed to maximize job creation, attract new tourists to Ontario, stimulate economic development and generate revenue for the province.

The Corporation's mandate is to ensure that casinos are run efficiently, effectively and according to established standards in terms of profitability, customer service and high-quality products and services. The OCC has been authorized to develop and operate casinos in Windsor, Niagara Falls and on the Chippewas of Rama (Mnjikaning) First Nation lands near Orillia.

Organizational Framework

The Province of Ontario has established separate regulatory and operational entities for the casino industry in Ontario.

The Ontario Casino Corporation is responsible for the management, operational and policy functions of *Casino Windsor*, the *Northern Belle Casino*, *Casino Rama* and the casino under development in Niagara Falls.

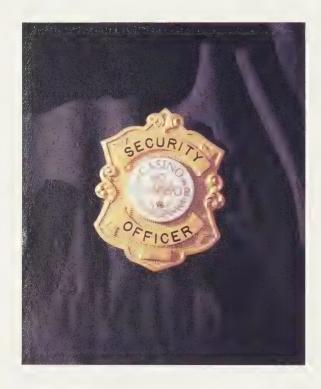
The Ontario Gaming Control Commission, assisted by a number of seconded Ontario Provincial Police officers, regulates and investigates companies, employees and suppliers of goods and services involved in Ontario's commercial and charitable gaming industry, to ensure the honesty and integrity of the industry.

The Corporation and the Commission report to different provincial ministries. This ensures that the regulatory function of the Gaming Control Commission is rigorous, impartial and fair, while providing flexibility for the operational/policy arm. The separation provides the necessary checks and balances between financial and operational requirements and security objectives.



Deck of the Northern Belle Casino.

As a result of the 25 additional police officers funded by the casino, "people now actually feel safer and more secure in the downtown area than was the case previously." KPMG



Ensuring Safety and Security

The OCC devotes substantial resources to ensuring the integrity of the games and providing a high level of safety for customers both inside and outside each casino. Inside each facility, security measures include a full-time police presence, uniformed and non-uniformed security staff, elaborate internal controls, and the use of the most sophisticated closed-circuit video monitoring systems available. Outside each casino, personnel work with law-enforcement agencies at the municipal, provincial and federal levels.

Policing Inside the Casino

The operation of games of chance coupled with the large amounts of cash on the premises requires a comprehensive array of security measures within each casino. During the development of Casino Windsor, officials from the Ontario Provincial Police (O.P.P.), the Windsor Police Service, the Ontario Association of Chiefs of Police, Royal Canadian Mounted Police, and Canada Customs and Immigration contributed recommendations and strategies, as well as human resources to meet the security needs of the casino.

The Ontario Gaming Control Commission (O.G.C.C.) provides investigative and law-enforcement functions inside commercial casinos, through a seconded O.P.P. contingent. Their mandate includes: criminal investigations in relation to gaming; liaison with local agencies and other national and international enforcement agencies and gaming regulators; the development of intelligence information as it relates to known gaming cheats; and the detection of other criminal activity that might impact upon the integrity of the casino gaming industry and/or the assets of commercial casinos and the Ontario Casino Corporation. The O.P.P officers provide a full-time police presence within each casino and maintain offices on the premises. The O.G.C.C. also conducts background investigations to ensure that persons who work in or supply goods or services to casinos do so with honesty and integrity. Any potential employee who may have access to the casino gaming floor must make complete disclosure on the initial job application form, be fingerprinted and photographed, have his or her criminal record checked, and be interviewed by an O.G.C.C. investigator. In addition, the O.G.C.C. works closely with other Canadian law-enforcement agencies and has signed agreements with many U.S. and international gaming jurisdictions, thus allowing the O.G.C.C. access to their records.

In each community where a casino is established, a separate and dedicated unit, which includes officers representing the O.P.P., the local police service, and Canada Customs and Immigration, is responsible for developing intelligence information, and preventing organized-crime involvement in the casino's operations.

Internal Control Framework

Each casino has an elaborate internal control framework that is extensively documented and details systems and procedures for all aspects of operations, including cash handling, games procedures, accounting systems and management information systems. All of these systems and procedures are reviewed regularly by an Internal Audit Department reporting directly to the highest level of management; a Surveillance Department reporting directly to the president of the casino; and O.G.C.C. compliance staff.

In addition, all internal control systems and procedures are reviewed annually by an independent accounting firm for effectiveness and to ensure that the systems and procedures are in place.

The Ontario Casino Corporation also utilizes an external auditor, providing yet another layer of audit services.

Policing Outside the Casino

Like any other major tourist attraction or special event, a successful commercial casino requires increased vigilance and activity by the local police. Coping with the traffic, parking, accidents and other challenges that accompany large crowds — particularly out-of-towners — can substantially increase the calls for police service. Accordingly, each of Ontario's commercial casinos directly funds additional police officers.

In Windsor, casino operations pay for 25 additional police officers. This increased police presence has raised the profile of law enforcement in the downtown and helped ensure that Windsor's reputation of being a safe community has not been compromised.

In Rama, the O.P.P. provide policing both on Chippewas of Rama First Nation lands and in the surrounding area. *Casino Rama* will fund directly eight additional O.P.P. officers in Rama and during the initial operating phase, the casino will also fund 22 additional officers to patrol nearby Orillia and Simcoe County.

The casino in Niagara Falls — scheduled to open in December, 1996 — will fund an additional 25 police officers to patrol the neighbourhood surrounding the casino.



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"The casinos have been a tremendous shot in the arm from an employment point of view. They've given us back a lot of the confidence that was perhaps lacking in our community. And of course, the city centre area is now alive." Mike Hurst Mayor, City of Windsor

Windsor

The OCC currently has two casinos in Windsor, both of which are scheduled to close once a permanent casino complex, now under construction, opens in early 1998. Casino Windsor opened in May, 1994 and overlooks the downtown waterfront. The Northern Belle Casino, a riverboat docked four blocks away, opened in December, 1995. Both facilities are operated by Windsor Casino Limited, a consortium of Caesars World Inc., Circus Circus Enterprises and Hilton Hotels Corporation. Windsor Casino Limited will also operate the permanent casino.

Casino Windsor

This facility is Canada's most popular commercial tourist attraction, providing entertainment for over five million patrons last year, more than 80 per cent of whom were visitors from the United States.

Casino Windsor opened to the public on May 17, 1994. With 50,000 square feet of gaming space on three floors, the facility offers more than 70 table games and over 1,700 slot machines. The Canadian Club Room on the third level, a VIP area that was expanded and upgraded in March, 1995, continues to be popular with premium players.

During the 1995-96 fiscal year, more than \$3 million was invested in improving the heating, ventilation and air conditioning systems, providing a more comfortable environment and improved air quality for both casino staff and patrons. An additional \$3.5 million was spent on back-of-house renovations and additions to improve staff working conditions.

Casino Windsor began participating in SuperHost Workshops in August, 1995. Originally established for the employees of Expo 86 in Vancouver to promote excellence in customer service and hospitality, the initiative was subsequently adopted by the Ontario Chamber of Commerce and Ontario Tourism Education Corporation. Casino staff participate in an eight-hour workshop to acquire the SuperHost pin of excellence.

From its inception, Casino Windsor has played a major role in promoting charitable and community causes. To date, it has financially supported and sponsored hundreds of organizations, including Windsor Volunteers for Literacy Programme; the United Way of Windsor-Essex County; the Downtown Community Citizens' Organization; and the Windsor Symphony Orchestra.

The casino has also become a major supporter of events and causes such as the Windsor-Detroit International Freedom Festival, the Windsor Buskers Festival and the restoration of the Capitol Theatre. The casino also funded an advertising campaign in Michigan to promote tourism activity in downtown Windsor.



Windsor's riverboat casino
was established to help alleviate
crowding at Casino Windsor and
to help build a strong customer
base in anticipation of the opening
of the permanent casino complex.
To help downtown revitalization
and maximize economic spinoffs,
the riverboat casino is moored
along the Detroit River in the
heart of Windsor's downtown.

In 1995, Casino Windsor won the Liquor Licence Board of Ontario Excellence in Responsible Beverage Service Award. The prize recognizes licensees who have demonstrated leadership, initiative and creativity in promoting responsible alcoholic beverage service. The Beverage Department, which consists of more than 200 employees, including staff on the Northern Belle Casino, has comprehensive policies and procedures regarding alcohol services. Every department member must successfully complete training in a responsible alcohol service programme. In addition, the casino enforces proof-of-age requirements, holds pre-shift staff meetings reiterating alcohol policies and offers complimentary non-alcoholic beverages to its patrons.

This year, *Casino Windsor* and the *Northern Belle Casino* were nominated for The Windsor Star Landscape Ontario 1996 Civic Beautification Award. The honour not only recognizes the casinos' gardening and landscaping accomplishments, but also acknowledges the facilities' "overall effort to make the (Windsor) community a more attractive place in which to live, work and play."

The Northern Belle Casino

On September 29, 1995, the Northern Belle riverboat began its voyage from New Orleans to Windsor atop an ocean-going barge. The 245-foot Mississippi-style paddlewheeler was built in 1994 in Lockport, Louisiana and was commissioned by the Ontario Casino Corporation to accommodate the overflowing crowds at *Casino Windsor*.

Once it arrived at a Windsor shipyard on November 18, 1995, casino staff and local contractors began working around the clock to outfit the vessel as a casino. Its 23,000 square feet of gaming space accommodate 39 gaming tables and 828 slot machines. Each of the casino's four decks highlights a different New Orleans theme — 'Cajun', 'Jazz', 'Mardi Gras' and 'Bourbon Street'. It took less than a month to equip the Belle and move it to its home on the Detroit River at the foot of McDougall Avenue.

On December 12, 1995, the riverboat casino held a Charity Grand Opening Mardi Gras Party to benefit four Windsor charities, and then opened to the public the following day. By the end of the fiscal year, the Belle had welcomed more than 700,000 patrons and grossed in excess of \$50 million in gaming revenue.

Employing more than 900 people, the riverboat has a capacity of 1,500 patrons. Adjacent to the ship is an 18,000-square-foot, land-based building that includes an entertainment area, gift shop, currency exchange, information kiosk and a food court.

The food service facility in the land-based building is part of a unique experiment in community-corporate partnership. *Casino Windsor* built and equipped the food court and then turned it over to the City Centre Business



- 2 F O F
- 000
- Windsor's \$400-million permanent casino-hotel complex is scheduled to open in early 1998.
- * The complex includes a
 75,000 square-foot casino,
 off-track betting, a 400-room
 hotel, a dinner entertainment
 facility, three restaurants,
 lounges, meeting facilities,
 ancillary services appropriate
 to a hotel and a parking garage.

Association (CCBA) and the Ontario Restaurant Association (Windsor) (ORA), for operation. The profits generated are shared by the individual Windsorbased operators, the CCBA and the ORA.

In its first three and one-half months of operation, the *Northern Belle Casino* has realized the OCC's strategy of both accommodating additional patrons and building a strong customer base in anticipation of the opening of the permanent casino complex.

The Permanent Windsor Casino Complex

Construction is well under way on Windsor's \$400-million permanent casino-hotel complex. By early 1997, the structural steel and concrete work will be completed and the building enclosure will be well in place. Work on the interior will occur throughout 1997 and the building is scheduled to open in early 1998.

The facility is being built on a six-block parcel of riverfront land in Windsor's Central Business District and is considered a key element of Windsor's downtown waterfront redevelopment. The complex includes a 75,000-square-foot casino, off-track betting, a 400-room hotel, a dinner entertainment facility, three restaurants, lounges, meeting facilities, ancillary services appropriate to a hotel and a multi-level parking garage.

Upon entering the complex, visitors will see a three-storey waterfall leading into the main rotunda. The 120-foot-diameter, four-storey rotunda is the central thematic and circulation area. The rotunda space will be warm and inviting, and will include colourful plants (live and preserved), water features and a dramatic conservatory ceiling grid with a changing "skyscape" ceiling effect. The rotunda will provide access to all of the key elements of the facility, including the casino, hotel lobby, restaurants, food court and entertainment areas. The contemporary conservatory detailing, and the landscape and water theme, are woven into all of the building's public spaces.

The permanent casino complex will directly employ 3,000 people and create a total of 10,000 jobs province-wide. It is expected to attract more than 20,000 visitors daily.

Assessments of Casino Windsor

The Ontario Casino Corporation has commissioned two independent assessments of *Casino Windsor's* social and economic impact on the community. The Windsor-Essex County and Pelee Island Convention and Visitors Bureau has also conducted research on the casino's effects.

The first assessment was done by the accounting firm of Ernst & Young.

The firm examined the manner in which the casino had been established and its first three months of operation. The report gave the casino an "A+" rating. Although concerns were expressed prior to the casino's arrival about issues such as increased crime, traffic congestion and noise, the study concluded that careful planning and quick action by the OCC, the casino operator and the City ensured that such problems did not occur or were quickly resolved.

The report concluded: "The temporary facility has succeeded in acting as an economic development catalyst, creating a significant number of jobs. It has provided a substantial boost to the tourism and hospitality industry in Windsor and is generating significant revenues for all levels of

Anticipated opening of
Windsor's permanent casino
complex is spring 1998.

government. The establishment of the temporary casino has also marked the beginning of a new industry, with the establishment of specialized resources and expertise previously unavailable in Ontario."

KPMG Report

After one year of operation, the OCC commissioned the international accounting firm of KPMG to perform a second assessment. KPMG released its study in November, 1995 concluding that *Casino Windsor* "has created a new sense of vibrancy in the local community." The study noted that "many people spoke of a new sense of optimism and a positive spirit in Windsor, where elected officials and businesses believe in Windsor again and look forward to the opportunities that the casino brings."

KPMG reported that:

- the casino attracted 5.5 million visits in its first year,
- revenues to the three levels of government totalled \$440 million,
- Casino Windsor had created 7,200 new, permanent full-time jobs in Ontario (using these numbers as a base, the OCC has calculated that the addition of the Northern Belle Casino riverboat increased this number to 11,800),
- approximately 80 per cent of the visitors to the casino were from the United States, and many visitors (55 per cent) participated in activities outside the casino,

- the number of downtown stores and restaurants had increased and downtown hotel revenues had jumped 50 per cent since the casino opened, and
- the casino is an important customer for most of its suppliers, often accounting for up to 25 per cent of total sales.

Noting that increased crime and casinos are often linked in the public's mind, the study found that because of the steps taken by law-enforcement agencies, added to the fact that the casino area had become more lively, "people now actually feel safer and more secure in the downtown area than was the case previously."

The report did not reach any conclusions on problem gambling, saying the appropriate data were not yet available.

Visitor Information Kiosk Survey - May, 1996

The Windsor-Essex County and Pelee Island Convention and Visitors Bureau operates tourist information kiosks in both Windsor casinos. During May, 1996 the Bureau surveyed roughly 1,000 kiosk users about their views of the region. A similar survey had been done just after Casino Windsor's opening in 1994.

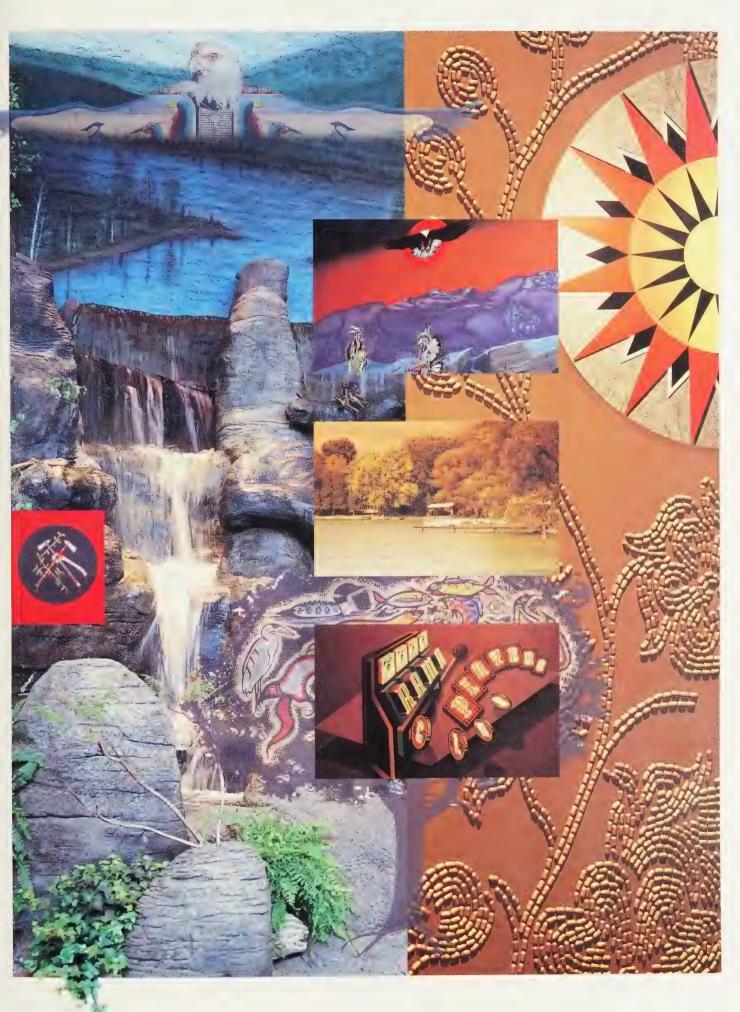
The survey found that the main attraction for the tourists continued to be the casinos, and that more tourists were coming from farther away. In 1994 most visitors were from Detroit, but in 1996 more than half the visitors came from other parts of Michigan and Ohio. The great majority of the long-distance visitors (86 per cent) were staying overnight in Windsor as opposed to Detroit. The survey also found that visitors were venturing beyond the city limits to enjoy attractions in Essex County. Most encouraging is that 96 per cent of visitors, including first-time visitors, said they would return to Windsor.

Additional research by the Bureau showed an enormous surge in the number of motorcoach tours, from less than 400 in 1993 to more than 3,550 in 1995. Tourism spending for these visitors is estimated at \$22 million.

Casino Rama

Casino Rama is an Ontario Casino Corporation project on the Chippewas of Rama (Mnjikaning) First Nation lands near Orillia. The casino is operated by Carnival Hotels and Casinos under contract with the OCC and the Rama First Nation.

The \$160-million facility is located about a 90-minute drive north of Toronto, and is the region's largest commercial tourist attraction. Total gaming space is 65,000 square feet, offering 2,138 slot machines and 109 table



 Visitors to the 65,000-squarefoot casino are greeted by a dramatic 'Art Wall' covering the building's facade, featuring 37,000 square feet of marals depicting Unippewa legends, stories

games. Planning for an adjacent hotel is under way.

The building's designers — Moriyama & Teshima Architects of Toronto — have incorporated the unique culture of the Ojibway people into the building's design. Visitors to the casino are greeted by a dramatic 'Art Wall' covering the building's facade, featuring 37,000 square feet of murals depicting Chippewa legends, stories and personalities. The wall murals range in height from five to 11 metres, and are the work of 10 Rama artists under the direction of designer James Sutherland of the Mnjikaning Art Studio in Orillia. The primary design element is a beadwork wampum belt with images of seven animals representing the seven clans of the Chippewa nation — bird, fish, bear, marten, crane, loon and deer — linked in a chain that encircles the building. Other pictorial elements illustrate the history, life and heritage of the aboriginal community.

Construction began on the facility in mid-August, 1995 and the casino

is scheduled to open to the public on July 31, 1996, with an invitation-only preview opening on July 29, 1996.

The construction and operation of the casino will produce substantial economic benefits for both the Rama First Nation and the surrounding communities. The facility will directly employ 2,500 people and create an estimated 6,000 jobs overall in Ontario. Tourism spending in the region is expected to jump to \$84 million annually — double its level prior to the opening of the casino.

Carnival Hotels and Casinos is part of the Carnival Corporation family, combining the resources of the world's largest cruise corporation and one of North America's leading hotel management companies. Carnival Hotels and Casinos has approximately US\$2 billion in assets under management and development.

Casino Rama is intended as an economic development tool for Ontario's 131 First Nations. The net revenue will flow to a First Nations Fund, the uses of which are currently being negotiated by the Province of Ontario and First Nations.

The objectives of Casino Rama are

- To ensure that the casino provides increasingly progressive economic opportunities to aboriginal people both within and external to the operation;
- To act as a catalyst for economic development for the host First Nation and surrounding communities;
- To provide revenues to all First Nations in Ontario;
- To promote the tourism and hospitality industries;
- To create jobs.

Niagara Casino/Gateway Project

Despite an impressive 14 million visitors a year to a host of attractions, including natural scenery, entertainment, sports, theatre, historical sites, and recreational and cultural facilities, the Niagara Region remains an underdeveloped tourist market. Most visitors are "day trippers" who spend an average of four hours in the area.

In 1994, Ontario designated Niagara a "Gateway Region" as part of its strategy to use tourism as a tool for economic renewal. This initiative was called the Niagara Gateway Project and consisted of two components — a private-sector tourist development and a tourism strategy. The Project's goal was to help develop the Region as a world-class holiday destination and to position the Niagara Region as an international tourism gateway to Ontario and Canada.

In November, 1995 the Ontario Minister of Finance, Mr. Ernie Eves, announced that Niagara Falls would become the third commercial casino location in the province. At the time of the announcement, Niagara Falls was the only municipality that had held a referendum on whether it wanted to host a commercial casino. Following the casino announcement, the Minister of Economic Development, Trade and Tourism, Mr. William Saunderson, announced that the Gateway Project and the casino initiative would be integrated.

The new initiative — the Niagara Casino/Gateway Project — consists of two components: a full-service casino complex and a tourist development. In September, 1996 the OCC will issue a Request for Proposals for both components.

Interim Casino Niagara

In late 1996, the Ontario Casino Corporation will open an interim casino in Niagara Falls that will operate until the permanent *Casino Niagara* complex is completed. The temporary facility's objective is to capture the benefits of a casino, such as attracting new tourists and creating jobs, as quickly as possible. The interim *Casino Niagara* will have approximately 3,000 employees. In total, the project will create 6,000 direct and indirect jobs in the Niagara Region and 9,000 direct and indirect jobs in the province as a whole. The temporary casino is expected to attract approximately 16,000 patrons a day.

The interim casino will be located in a former retail complex that is currently undergoing extensive renovations to house the casino and related amenities. It is situated near the Falls in the main tourist area immediately adjacent to the Rainbow Bridge, which is a major point of entry for U.S. visitors. The complex will offer 96,000 square feet of gaming space located on two levels, including a premium players' club.



The Niagara Falls interim casino will open in December, 1996.

Аппиа! Report 1995 - 1996

- The interim Casino Niagara will offer 96,000 square feet of gaming space.
- The three-storey complex will have a spectacular front entrance, featuring an 80foothigh atrium, with water falls and landscaped terraces connecting to the original building facades.

The three-storey temporary casino complex will also comprise an off-track-betting teletheatre, restaurants and cafes, bars, an entertainment lounge, some retail space and a tourist information kiosk. The building will have a spectacular front entrance, featuring an 80-foot-high atrium, with waterfalls and landscaped terraces connecting to the original building facades. Other design elements include a rotunda and a grand staircase with dramatic day/night lighting, and glass-sided escalators leading to the gaming floors. There will be 1,000 parking spaces provided for casino clients on site, as well as approximately 2,000 spaces in satellite parking lots accessible to the casino by shuttle bus. The cost of the interim casino, including renovations, equipment, and pre-opening expenses such as staff training, is estimated at \$150 million.

Gross revenues are forecasted at more than \$650 million annually, of which approximately \$375 million will be revenue to the province. (Revenue accrues to the province in two ways: a win tax of 20 per cent on the gross gaming revenue, and net profits after operating expenses.)



The interim casino will be operated on a temporary basis by The Navegante Group, a Las Vegas-based consulting firm specializing in casino implementation and international marketing. The company will be responsible for the completion of construction, furnishing and equipping the casino, recruitment and staff training, marketing and developing operating procedures. Navegante was selected as the interim operator after the Ontario Casino Corporation issued a Request for Expressions of Interest for the temporary operator in May, 1996. Twenty-three companies responded and eight companies, including Navegante, were invited to bid.

Once the operator of the permanent casino is chosen, responsibility for operating the interim casino will be transferred from Navegante to the permanent operator.

Rotunda and grand staircase leading to gaming areas of the interim Casino Niagara.



Management's Responsibility for Annual Reporting

Management of the Corporation is responsible for the preparation of the financial statements and all other information included in this report. This responsibility includes the selection of appropriate accounting principles as well as making informed judgements and estimates in accordance with generally accepted accounting principles.

The Corporation maintains an appropriate system of internal control to provide reasonable assurance that relevant and reliable financial statements are produced and that Corporation assets are properly safeguarded. KPMG, the Corporation's independent auditors appointed by the Board of Directors, are responsible for auditing the financial statements. Their report outlines the scope of their examination and their opinion on the financial statements.

The financial statements have been reviewed and approved by the Board of Directors and its Audit Committee. This Committee meets from time to time with management and the auditors who have direct access to the Committee.

Domenic Alfieri

President

Drew Chamberlain Manager of Finance

Toronto, Canada



Auditors' Report

To the Board of Directors of the Ontario Casino Corporation/Société des casinos de l'Ontario and the Minister of Economic Development, Trade and Tourism

We have audited the balance sheet of the Ontario Casino Corporation/ Société des casinos de l'Ontario as at March 31, 1996 and the statements of income, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Toronto, Canada May 24, 1996



Assets	1996	1995
Current assets:		
Cash and short-term investments (note 2)	\$ 88,459	\$ 58,826
Accounts receivable	2,831	1,268
Advances for Casino Rama development (note 7(b))	40,762	? –
Inventory	593	398
Prepaid expenditures	2,529	725
	135,174	61,217
Capital assets (note 3):		
Casino and administrative assets	150,518	34,576
Pre-opening expenditures	8,594	7,637
	159,112	2 42,213
Deferred lease costs	8,490	11,751
	\$ 302,776	\$ 115,181
Liabilities and Provincial Equity	<i>!</i>	
Liabilities:		
Accounts payable and accrued liabilities	\$ 59,949	\$ 12,063
Obligations under capital lease (note 6)	9,947	-
Provincial equity:		
Retained earnings	206,611	66,958
Reserves (note 2)	26,269	36,160
	232,880	103,118
Commitments and other contingencies (notes 6 and 7)		
	\$ 302,776	6 <i>\$ 115,181</i>

See accompanying notes to financial statements.

On behalf of the Board:

Gordon Hepburn, Director

Joanne DeLaurentiis, Director

Ontario Casino Corporation
Société des casinos de l'Ontario

Balance Sheet

March 31, 1996 with comparative figures for 1995 (in thousands of dollars)



	1996	1995
Revenue:		
Gaming	\$ 577,285	\$ 418,950
Non-gaming	44,921	31,360
Investment income	11,979	5,279
	634,185	455,589
Less promotional allowances	14,098	6,223
	620,087	449,366
Costs and expenses:		
Gaming:		
Win tax (note 4)	115,457	83,790
Operations	65,833	38,522
	181,290	122,312
Non-gaming	21,647	14,956
Operator's fee (note 7(a))	35,993	26,824
General and administrative	26,123	16,507
Amortization	28,113	16,018
Lease and rental	14,259	12,457
Interest	606	2,628
Other	5,294	5,554
	313,325	217,248
Net income	\$ 306,762	\$ 232,118

See accompanying notes to financial statements.

Ontario Casino Corporation
Société des casinos de l'Ontario

Statement of Income

Year ended March 31, 1996, with comparative figures for the period from the commencement of operations on April 1, 1994 to March 31, 1995 (in thousands of dollars)



	1996	1995
Retained earnings, beginning of period	\$ 66,958	\$ -
Net income	306,762	232,118
Distribution to the Province of Ontario	(177,000)	(129,000)
Transfers to (from) reserves:		
Capital renewal reserve	1,950	(7,731)
Operating reserve	10,146	(25,146)
Severance reserve	(2,138)	(2,263)
Gaming creditor reserve	(67)	(1,020)
	9,891	(36,160)
Retained earnings, end of period	\$ 206,611	\$ 66,958

See accompanying notes to financial statements.

Ontario Casino Corporation
Société des casinos de l'Ontario

Statement of Retained Earnings

Year ended March 31, 1996, with comparative figures for the period from the commencement of operations on April 1, 1994 to March 31, 1995 (in thousands of dollars)



(139,801)

\$ 88,459

(5,211)(145,012) (47,692)

(10,539)

(58,231)

\$ 58,826

1996 1995

Cash provided by (used in):

Operations:

Net income	\$ 306,762	\$ 232,118
Amortization which does not involve cash	28,113	16,018
Changes in non-cash operating working capital	26,009	9,672
	360,884	257,808

Financing:

Advances for Casino Rama development	(40,747)	-
Obligations under capital lease	21,910	_
Funds advanced by:		
Windsor Casino Limited	6,337	60,254
Ontario Financing Authority	55,000	-
Repayments to:		
Windsor Casino Limited	-	(60,254)
Ontario Financing Authority	(55,000)	-
Deferred lease costs	3,261	(11,751)
	(9,239)	(11,751)
Investing:		

Cash, end of period

Acquisition of capital assets

Pre-opening expenditures

(129,000)
3 58,826
6 -

Cash is defined as cash and short-term investments.

See accompanying notes to financial statements.

Ontario Casino Corporation Société des casinos de l'Ontario

Statement of Changes in Position

Year ended March 31, 1996, with comparative figures for the period from the commencement of operations on April 1, 1994 to March 31, 1995 (in thousands of dollars)



Organization:

On December 2, 1993, the "Ontario Casino Corporation Act, 1993" (the "Act") established the Ontario Casino Corporation/Société des casinos de l'Ontario (the "Corporation"). The Corporation was established without share capital and is not liable for income taxes under the Income Tax Act (Canada). The objectives of the Corporation are:

- to conduct and manage games of chance;
- to ensure that games of chance are conducted and managed in accordance with the Act and the Gaming Control Act, 1992 and regulations made under these Acts;
- to provide for the operation of casinos; and
- to provide for the operation of any business that it considers reasonably related to operating a casino, including any business that offers goods and services to persons who play games of chance in a casino.

The Corporation commenced active operations on April 1, 1994. Casino Windsor, an interim land-based casino, and the Northern Belle Casino, a riverboat casino, commenced operations in Windsor, Ontario on May 17, 1994 and December 13, 1995, respectively.

1. Significant accounting policies:

(a) Gaming revenue and promotional allowances:

Gaming revenue represents the net win from gaming activities, which is the difference between amounts wagered and payouts by the casino. Revenue includes promotional allowances. The allowances are equal to the retail value of accommodation, food and beverage furnished to patrons at no cost. The cost of the promotional allowances is charged to operations.

b) Inventory:

Inventory is stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets are stated at cost. Amortization is provided using the following methods and annual rates:

Furniture, fixtures and equipment

Straight-line over three to five years

Leased assets and leasehold improvements

Straight-line over the term of the lease

Capital assets are amortized after the commencement of operations.

Interest on debt to finance major additions to capital assets is capitalized until the commencement of operations. The interest cost is determined using the interest rate on incremental debt incurred by the Corporation to finance these capital assets.

Ontario Casino Corporation

Société des casinos de l'Ontario

Notes to Financial Statements

Year ended March 31, 1996 (tabular amounts in thousands of dollars)



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Ontario Casino Corporation
Société des casinos de l'Ontario

Notes to Financial Statements

Year ended March 31, 1996 (tabular amounts in thousands of dollars)

(d) Pre-opening expenditures:

Certain expenditures, consisting of compensation, consulting and other costs incurred in connection with the development and opening of casinos, are deferred and amortized over a three-year period.

(e) Deferred lease costs:

Aggregate expenditures in connection with leased assets and the benefit from lease inducements are amortized evenly over the term of the lease.

(f) Foreign currency translation:

Monetary assets and liabilities are translated at the year-end exchange rates. Statement of income items are translated at the rate of exchange in effect at the transaction date. Translation gains and losses are included in income.

(g) Financial statement presentation:

Certain 1995 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

2. Reserves:

The Corporation has established cash reserves in respect of casino operations in Windsor for the following purposes:

• Capital renewal reserve -

for capital asset additions for the interim Casino Windsor complex other than normal repairs or major improvements.

Operating reserve -

to satisfy specified obligations in the event that revenue will be insufficient to meet such obligations.

· Severance reserve -

to satisfy obligations arising from termination or layoff of employees in the event of the early termination of the interim casino operating agreement.

• Gaming creditor reserve -

to satisfy regulatory requirements.

Cash funds are held in separate bank accounts for such purposes as follows:

	1996	1995
Capital renewal reserve	\$ 5,781	\$ 7,731
Operating reserve	15,000	25,146
Severance reserve	4,401	2,263
Gaming creditor reserve	1,087	1,020
	\$ 26,269	\$ 36,160



3. Capital assets:

			1996	1995
		Accumulated	Net carrying	Net carrying
	Cost	amortization	amount	amount
Land \$	59,495	\$ -	\$ 59,495	\$ -
Furniture, fixtures				
and equipment	62,032	26,293	35,739	27,386
Asset under capital lease	32,909	3,302	29,607	-
Construction in progress	6,425	_	6,425	-
Leasehold improvements	26,634	7,382	19,252	7,190
	187,495	36,977	150,518	34,576
Pre-opening expenditures	15,750	7,156	8,594	7,637
\$	203,245	\$ 44,133	\$ 159,112	\$ 42,213

During the year, the Corporation capitalized interest amounting to approximately \$4,495,000 (1995 - nil).

4. Win tax:

The Corporation remits win tax to the Province of Ontario weekly. This tax amounts to 20 per cent of gaming revenue.

5. Head office expenses:

Included in costs and expenses are the expenses of head office as follows:

	 1996	1995
Salaries, wages and benefits	\$ 789	\$ 540
Transportation and communication	214	104
Purchased services	1,800	1,214
Amortization	210	160
Lease and rental	301	180
Other	40	91
	3,354	2,289
Less amounts recoverable from Casino Rama	1,142	-
	\$ 2,212	\$ 2,289

Ontario Casino Corporation Société des casinos de l'Ontario

Notes to Financial Statements

Year ended March 31, 1996 (tabular amounts in thousands of dollars)



6. Obligations under leases:

The Corporation is committed to rental payments for its leased premises aggregating \$37,551,000 over the terms of the leases, expiring up to 2000. Future minimum annual lease payments are as follows:

	Capital	Operating
	leases	leases
Year ending March 31:		
1997 \$	13,492	\$ 6,532
1998	10,336	6,306
1999	216	468
2000	-	201
Total minimum lease payments	24,044	\$ 13,507
Less amount representing interest (at 8.75 %)	(2,134)	
Present value of net minimum capital lease payments	21,910	
Current portion of obligations included in accounts		
payable and accrued liabilities	11,963	
\$	9,947	

Interest on the capital lease obligation amounted to approximately \$606,000 (1995 - nil).

7. Commitments and other contingencies:

(a) Windsor casinos:

The Corporation has entered into an agreement with Windsor Casino Limited ("WCL"), owned equally by Caesars World Inc., Circus Circus Enterprises, Inc. and a subsidiary of Hilton Hotels Corporation, to develop and operate Casino Windsor, the Corporation's first casino. The terms of the agreement extend to the operation of the Northern Belle Casino riverboat.

Under the terms of the agreement, WCL is entitled to receive 2.75 per cent of gross operating receipts and five per cent of net operating margin, both as defined in the interim casino operating agreement.

Casino Windsor and the Northern Belle Casino riverboat are being operated until the completion of the permanent casino. The permanent facility, presently being constructed in downtown Windsor, will include a 75,000-square-foot casino, a hotel, food and beverage outlets, and other amenities. This complex will be

Ontario Casino Corporation

Société des casinos de l'Ontario

Notes to
Financial
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Year ended March 31, 1996 (tabular amounts in thousands of dollars)



owned by the Corporation and is expected to open during the 1997/98 fiscal year. The estimated cost to complete this complex is approximately \$400,000,000, a portion of which will be advanced by WCL. The Corporation, WCL and its principals are currently negotiating operating and development agreements for the permanent casino complex for Casino Windsor.

In connection with the acquisition of the land site for the permanent casino, the Corporation has agreed to provide the City of Windsor (the "City") with a fixed return over 20 years commencing the earlier of:

(i) the month following the last monthly payment under the interim casino parking lot lease and

(ii) May 1, 1998

in the amount of \$2,600,000 per annum for the first 10 years and \$3,000,000 per annum for the last 10 years. The Corporation will make a development cost contribution of \$4,000,000 to the City with respect to improvements to an existing market and the riverfront park adjacent to the permanent casino site. The Corporation will also reimburse the City for the Corporation's share of infrastructure costs which are expected to range from \$8,000,000 to \$16,000,000.

(b) Casino Rama:

On March 18, 1996, the Corporation entered into a development and operating agreement for the development and operation of a casino complex (the "Complex") located on Rama First Nation lands, with the Chippewas of Rama First Nation ("Rama"), CHC International, Inc., CHC Casinos Canada Limited (the "Operator") and various corporations wholly owned by Rama.

The lands that are being used for the Complex are being leased by the federal government to Casino Rama Inc., a company that is wholly owned by Rama, under a 25-year ground lease. Rent payable under the ground lease is \$3.5 million annually adjusted for inflation and will be paid out of the bank accounts of the Complex. Casino Rama Inc., in turn, has subleased the Complex and its lands for 25 years to the Corporation, for nominal consideration.

The Province of Ontario will receive win tax (see note 4) while the ultimate net cash flow from the Complex will accrue to the First Nations bands of Ontario.

i) Development and Operating Agreement

The Development and Operating Agreement terminates on the tenth anniversary of the opening of the Complex. During the first three years of operation, the Operator is entitled to receive 2.75 per cent of gross revenues and five per cent of net operating margin, both as defined in the Development and Operating Agreement.

Ontario Casino Corporation

Société des casinos de l'Ontario

Notes to Financial Statements

Year ended March 31, 1996 (tabular amounts in thousands of dollars)



If at any time during this three-year period the Operator's total fee earned exceeds \$11,000,000, the base fee will be reduced to two per cent of gross revenues; however, this adjustment will not be applied, so as to reduce the Operator's total fee earned to less than \$11,000,000.

After the first three years, the Operator will receive two per cent of gross revenues and five per cent of net operating margin. In consideration for Rama providing various services and rights to the Complex, Rama will receive \$4,500,000 annually, adjusted for inflation.

Ontario Casino Corporation

Société des casinos de l'Ontario

Notes to Financial Statements

Year ended March 31, 1996
(tabular amounts in
thousands of dollars)

(ii) Financing

Initial funding for development of Casino Rama was provided by the Corporation until the Development and Operating Agreement had been signed. Upon signing of the Development and Operating Agreement, the Operator contributed US\$25,000,000 toward the development of the project. The Operator is entitled to recover this amount to the extent that there is sufficient revenue generated by the Complex according to the following formula:

- until such time as the third-party financing has been repaid, an amount of up to US\$625,000 plus interest per quarter; and
- once the third-party financing has been repaid, an amount up to US\$1,562,500
 plus interest per quarter.

A Canadian chartered bank (the "Lender") has provided a \$160,000,000 non-revolving credit facility in favour of Casino Rama Inc. to finance the development of the Complex (including repayment of the Corporation's advances for Casino Rama's development).

Repayment of the facility is as follows:

- \$10,000,000 on September 30, 1996;
- · subsequent instalments of \$3,333,333 monthly; and
- an amount equal to 30 per cent of the excess cash flow (as defined) from the Complex.

The above payments are to be made until the amounts advanced under the term facility have been repaid. Payments made in respect of distributions to First Nations bands may not be made until certain operating ratios have been met.

The Lender has also established a \$10,000,000 credit facility in favour of Casino
Rama Inc. to finance the operating and working capital requirements of the Complex.

As security for the funds advanced under these credit facilities, Casino Rama Inc. has granted a first-ranking charge in favour of the Lender over the majority of the assets financed by the Lender, and the Operator has pledged all of its rights under



the Development and Operating Agreement in favour of the Lender. The Corporation has covenanted directly with the Lender that amounts owing to the Lender will be paid from the bank accounts of the Complex, assuming there are sufficient funds available and taking into account the priority of payments provided for in the Development and Operating Agreement.

(c) Niagara Falls casino:

On November 29, 1995, the Province of Ontario announced the casino initiative for Niagara Falls. The Niagara Falls casino is to be part of an integrated tourism initiative called the Niagara Casino/Gateway Project. This will combine a permanent casino complex with at least one other major tourist attraction.

The Corporation has selected a site to be leased for a Niagara Falls interim casino which is located in the tourist area of Niagara Falls. A letter agreement has been signed which outlines the terms applicable to the agreement to lease.

d) Contingent liabilities:

The Corporation has agreed that any losses suffered by WCL as a result of any third-party claims arising out of WCL's performance of the Operating Agreement or occurring in connection with the operation or development of the interim casino complex, shall be recoverable from Casino Windsor provided that the claim did not arise out of willful misconduct of WCL. WCL has been named as a defendant in certain lawsuits alleging actual and punitive damages. After reviewing the merits of these lawsuits with counsel, it is management's opinion that the ultimate costs of settlement, if any, will not materially affect the Corporation's financial position. Settlement, if any, will be accounted for during the period of resolution.

The Corporation has accounted for Goods and Services Tax ("GST") in accordance with arrangements orally agreed upon between the Corporation and the federal government. These arrangements are anticipated to be confirmed in the GST Regulations, yet to be released. Adjustments, if any, will be accounted for during the period when the proposed amendments to the Regulations are announced by the federal government.

8. Related-party transaction:

During the year, the Corporation borrowed and repaid a loan amounting to \$55,000,000 from the Ontario Financing Authority. Interest paid on this loan amounted to approximately \$3,458,000 (1995 - nil).

Ontario Casino Corporation Société des casinos de l'Ontario

Notes to Financial Statements

Year ended March 31, 1996 (tabular amounts in thousands of dollars)



Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The Corporation achieved record operating results during its 1996 financial year. In addition, the Corporation continued its efforts in developing commercial casino activities in Ontario.

Casino Windsor continues to achieve exceptional operating results allowing it to enjoy a reputation as one of the most profitable casinos in the world. On December 13, 1995, Windsor's commercial gaming capacity was increased by 50 per cent with the addition of the Northern Belle Casino, a riverboat housing 828 slot machines and 39 table games. Windsor's combined commercial gaming capacity now totals 2,572 slot machines and 111 table games. With the addition of the riverboat commercial gaming, the casinos in Windsor now attract more than 20,000 patrons per day.

Also during 1996, the Corporation commenced construction of its permanent casino complex in Windsor, which is scheduled for completion in early 1998.

The Corporation devoted a significant amount of its time during 1996 to the development of *Casino Rama* near Orillia, Ontario and hosted by the Chippewas of Rama First Nation. The complex, which contains 65,000 square feet of gaming space, will open to the public on July 31, 1996.

On November 29, 1995 the provincial government announced a casino initiative for Niagara Falls, Ontario. The Corporation is currently developing an interim casino that will house over 90,000 square feet of gaming space. With the opening of *Casino Niagara* in late 1996, the Corporation will be responsible for more than 225,000 square feet of gaming space in the province.

Results of Operations 1996 vs. 1995

The results of operations for the year ended March 31, 1996 include a full year of operating results for *Casino Windsor*, with the exception of the first five days of the fiscal period during which time the casino was closed due to a strike. The 1996 results also include operations of the *Northern Belle Casino* riverboat from its opening date of December 13, 1995. The casino operating results for 1995 reflect the approximately 9.5 months of operations of *Casino Windsor* from May 17, 1994 to March 9, 1995 at which time the casino temporarily ceased operations due to the aforementioned strike.



The following comparative financial results reflect the foregoing yearover-year operational differences:

- gaming revenues for 1996 were \$577.3 million, an increase of \$158.3 million or 37.8 per cent over gaming revenues of \$419.0 million for 1995;
- non-gaming revenues for 1996 were \$44.9 million, an increase of \$13.5 million or 43 per cent over 1995 levels of \$31.4 million. Non-gaming revenues are primarily derived from casino food and beverage sales, transportation operations and foreign exchange transactions;
- investment income, which consists of interest income from cash on hand and short-term investments, amounted to \$12.0 million for the year ended March 31, 1996 as compared to \$5.3 million in 1995. This increase of 126.4 per cent is attributable to a higher level of cash and short-term investments maintained throughout 1996 versus levels maintained during 1995, as well as the fact the 1996 period represents a full year. Of the total investment income for 1996, \$7.9 million (1995: \$3.0 million) was attributable to income earned from investments maintained at the Corporation's head office;
- promotional allowances, which represent the retail value of accommodation, food and beverage furnished to patrons at no cost, reached \$14.1 million for the year ended March 31, 1996, an increase of \$7.9 million or 127.4 per cent over 1995 levels of \$6.2 million. The additional promotional allowances were required in the current year to maintain the exceptional level of play achieved in 1995;
- win tax amounted to \$115.5 million in 1996 as compared to \$83.8 million for 1995. Win tax represents an amount paid to the Province of Ontario equal to 20 per cent of the gaming revenues from commercial casino operations;
- gaming operating costs amounted to \$65.8 million for the year ended March 31, 1996 as compared to \$38.5 million for 1995. This increase of \$27.3 million reflects (i) the higher labour costs attributable to the new collective agreement entered into in April 1995 by Windsor Casino Limited and its unionized employees, and (ii) the impact of the opening of the *Northern Belle Casino* riverboat on December 13, 1995;
- non-gaming expenses increased from \$15.0 million in 1995 to \$21.6 million for the year ended March 31, 1996;

Annual Report 1995 - 1996



- the operator's fee for the year ended March 31, 1996 amounted to \$36.0 million, an increase of \$9.2 million over the operator's fee incurred in 1995. The operator's fee in connection with the two casino properties in Windsor is calculated based upon a formula of 2.75 per cent of gross operating receipts and 5 per cent of net operating margin, as defined in the Corporation's agreement with the casino operator;
- general and administrative expenses amounted to \$26.1 million in 1996 versus \$16.5 million in 1995, an increase of \$9.6 million;
- amortization of capital assets amounted to \$28.1 million for the year ended March 31, 1996 as compared to \$16.0 million for 1995. This increase of \$12.1 million results from a full year of amortization being reflected on many of the Corporation's capital assets as well as the impact of amortization attributable to new capital expenditures made during the year;
- lease and rental expense in 1996 of \$14.3 million represent an increase of \$1.8 million or 14.4 per cent over 1995's lease and rental expense;
- interest expense of \$0.6 million for the year ended March 31, 1996 is attributable to interest incurred on the capital lease entered into in connection with the *Northern Belle Casino* riverboat. Interest expense of \$2.6 million in 1995 relates to borrowings entered into in connection with the initial development of the interim casino. These borrowings were repaid during 1995.

Liquidity and Capital Resources

Cash provided from operations amounted to \$360.9 million for the year ended March 31, 1996, an increase of \$103.1 million or 40.0 per cent over the 1995 figure of \$257.8 million.

The Corporation's finance activities in 1996 included the advance of \$40.7 million to the Chippewas of Rama First Nation in connection with the development of the new casino complex located on the Rama First Nation lands near Orillia, Ontario. The funds advanced were primarily used for land acquisition, infrastructure improvements and construction of the interim casino. The advances, including interest thereon, were repaid to the Corporation subsequent to the March 31, 1996 year-end. The assets of *Casino Rama* are owned by the Chippewas of Rama, while the Corporation is responsible for managing the complex through its operator. Debt service costs relating to the assets of the complex are funded out of the revenues of the complex.



The *Casino Rama* development was financed in part by a non-revolving term facility in the amount of \$160.0 million bearing interest at rates varying between prime and prime plus 1.5%. Repayment of this facility commenced with an initial instalment of \$10 million on September 30, 1996; subsequently, repayment is made by way of monthly instalments each in the amount of \$3.3 million. The term facility agreement also provides for mandatory prepayment in the amount of 30 per cent of the excess cash flow from the casino complex as defined in the agreement. Recourse under this agreement is limited to the assets of the complex.

In addition to this loan facility, an amount of US\$25.0 million was advanced by the operator of the casino complex and bears interest at prime plus 1%. The advance is to be retired through quarterly repayments in amounts ranging from US\$0.6 million per quarter to US\$1.6 million per quarter dependent upon whether amounts remain outstanding under the aforementioned non-revolving term facility.

Financing of \$21.9 million was also obtained under a capital lease obligation relating to the Northern Belle Casino riverboat. In addition, funding of \$55.0 million was obtained through the Ontario Financing Authority in connection with the acquisition of land for the development of the permanent casino complex in Windsor. These borrowings, together with capitalized interest of \$4.5 million, were repaid in full on March 18, 1996. In connection with the acquisition of the Windsor land, the Corporation has agreed to provide the City of Windsor with a fixed return over 20 years in the amount of \$2.6 million per year for the first 10 years and thereafter at an annual rate of \$3.0 million. The Corporation has also agreed to make a single development cost contribution of \$4.0 million in connection with improvements to be made to an existing market and riverfront park adjacent to the permanent casino site. Finally, the Corporation will reimburse the City of Windsor for non-recurring infrastructure costs expected to range from \$8.0 to \$16.0 million. Of the estimated cost to complete the permanent Windsor complex of \$400.0 million, Windsor Casino Limited is responsible for financing the first 25 per cent of the project while the Corporation is responsible for financing the remaining amount.

A portion of the Corporation's operating cash flow was invested in acquiring \$139.8 million of capital assets for the year ended March 31, 1996 as compared to \$47.7 million in 1995. Significant acquisitions in 1996 relate to the purchase of land in Windsor for \$55 million; the capital lease treatment of the riverboat carried at its cost of \$32.9 million; the furniture, fixtures and equipment for the riverboat of \$16.3 million; the construction of a Windsor land-based facility to accommodate back-of-house space, gift shop and food court at a cost of \$8.2 million; and pre-opening costs relating to the riverboat of \$5.2 million. Other capital expenditures during the year related to the construction of a building adjacent to *Casino Windsor* for administrative purposes, and other normal expenditures required to maintain and improve the Windsor casinos.

Annual Report 1995 - 1996



During the year ended March 31 1996, the Corporation distributed \$177.0 million to the Province of Ontario, an increase of \$48.0 million or 37 per cent over the 1995 distribution of \$129.0 million. In addition to these direct distributions by the Corporation to the province, the province received win tax of \$115.5 million in 1996 and \$83.8 million in 1995. The total received by the province in connection with the Corporation's casino activities amounted to \$292.5 million for the year ended March 31, 1996 and \$212.8 million for 1995.

The Corporation has begun construction of the interim casino complex in Niagara Falls. Anticipated development costs, including building improvements, furniture, fixtures, equipment and pre-opening costs, are expected to be \$150 million.

Management of the Corporation believes the Corporation's existing cash balances, operating cash flows and amounts available from lenders will be sufficient to meet future debt obligations and to fund the Corporation's development projects.

Directors, Board of Directors, 1995-1996

Gil Bennett, Chair
Peter Barnes (until January 15, 1996)
Joseph Comartin (until August 24, 1995)
Evelyne Dreyfus
Joanne DeLaurentiis
Michael Gourley (starting August 24, 1995)
Gordon Hepburn
Jay Kaufman (until August 24, 1995)
Shoba Khetrapal
Jeffrey Lo (starting May 4, 1995)
David Nash (starting August 24, 1995)
Sharon Paul
Ross Reilly (until August 24, 1995)

Judith Wolfson (starting August 24, 1995)

Ken Signoretti



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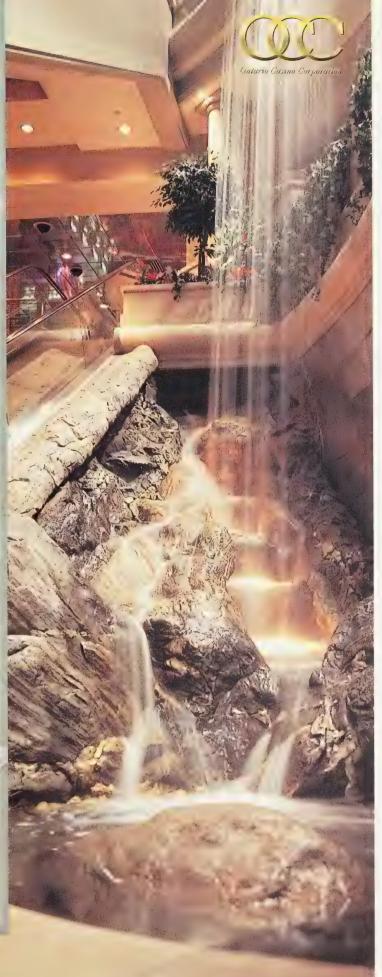












Casino Niagara's cascading waterfalls vines and garden features create a gaming environment second to none



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October 1997

Honourable Al Palladini Minister of Economic Development, Trade and Tourism Hearst Block Toronto, Ontario

Sir:

On behalf of the Board of Directors of the Ontario Casino Corporation, I have the honour to submit to you the Annual Report of the Corporation for the fiscal year ended March 31, 1997.

Zuin Wood

Respectfully submitted,

Brian Wood

Chair

Board of Directors

Ontario Casino Corporation

This annual report relates to the fiscal year of the Ontario Casino Corporation (OCC) ended March 31, 1997—the third year of operation for the Corporation.

This period was characterized by intense development and significant achievement: the completion of Casino Rama, on the lands of the Chippewas of Rama First Nation; the site selection,



The growth of the Ontario commercial casino initiative is reflected in the increased economic benefits it is generating for the province. The four

Windsor and the

casinos have created more than 26,000 direct and indirect new jobs, and the new economic activity generated — both from casino operations and the additional tourists they attract — is estimated to be \$2.4 billion. These operations are expected to continue providing solid economic benefits to their host communities despite the emergence of new participants in the marketplace by way of permanent charity gaming clubs and video lotteries.



The permanent Casino Windsor with its crown top and 400-room hotel in the background is scheduled to open in the spring of 1998

.. visitors feel safe and secure in Windsor; Canadian exsinos do 5. visitors enjoy a favourable currency not tax winnings; and U

Annual Report 1996 - 1997

As noted elsewhere in this report, the successful development of *Casino Rama* was made possible through the joint efforts and co-operation of the province, First Nations and the private sector. This facility has created a new focus of attention in Central Ontario and in so doing is successfully drawing on and expanding the existing tourist base.

The establishment of the interim Casino Niagara represents a

substantial initial step in assisting this internationally recognized border community to compete as a gateway destination in the world tourism marketplace. This exciting facility is already well on its way to exceeding our visitor projections. Meanwhile, in September 1996 the Corporation issued a Request for Proposals for a permanent casino complex and additional tourist development. In a departure from our previous approaches, the private sector was given significant flexibility and creativity in its response. Following the decision of the Selection Committee, the Corporation will enter into negotiations for the

necessary development and operating agreements with the permanent operator.

The recent, yet not unexpected, approval of casino gaming by voters in Michigan provides validation for the Corporation's philosophy in striving for quality and excellence in developing the permanent Windsor casino complex. Building on the momentum begun by *Casino Windsor* and the *Northern Belle Casino*, we are continuing to position the permanent facility — to open in the spring of 1998 — to be able to provide maximum benefits to the Windsor community and effectively compete with any offerings across the border in Detroit. The Corporation has always held the view that Windsor's permanent casino will maintain a substantial competitive edge over any potential casinos in Detroit for the following three reasons: visitors feel safe and secure in Windsor; Canadian casinos do not tax winnings; and U.S. visitors enjoy a favourable currency exchange rate.

Many of the Corporation's achievements are facilitated by the

involvement and co-operation of the casino host communities. In consultation with community leaders, the Corporation has consistently strived to find ways of achieving its goals without the adverse effects experienced in some other jurisdictions. As a means of helping monitor the impacts of commercial casinos, citizens monitoring committees are now in operation in Windsor and

Niagara Falls. Their mandate, as prescribed under the *Ontario Casino Corporation Act, 1993*, is to monitor the social, economic and law-enforcement impacts, and make recommendations to the Corporation and the Minister of Economic Development, Trade and Tourism.

The Corporation has received both support and substantial results from the efforts of its private sector casino operators. Accordingly, the Board of the Corporation would like to thank Carnival Hotels and Casinos, the Navegante Group, and Windsor Casino Limited.

Finally, on behalf of my fellow Board members, it is my pleasure to

acknowledge the continuing achievements of the Corporation's small but dedicated team of managers and staff and to express genuine appreciation for their energy and commitment.



Brian Wood Chair and Acting President

Brien Wood



Mandate of the Ontario Casino Corporation

The Ontario Casino Corporation is a schedule II crown agency of the Ontario government, reporting to the Minister of Economic Development, Trade and Tourism. With the exception of the regulation of casinos, the Corporation represents the province in all matters concerning the ownership, operation, and management of Ontario's commercial casinos.

Created by the *Ontario Casino Corporation Act, 1993*, the Corporation is responsible for ensuring that casinos are run

efficiently, effectively and according to established standards of profitability, customer service and high-quality products and services.

The Corporation has been authorized to manage casinos in Niagara Falls, Windsor and on the Chippewas of Rama (Mnjikaning) First Nation lands near Orillia. The day-to-day operations of *Casino Niagara*, *Casino Rama*, *Casino Windsor*, and the *Northern Belle Casino* are contracted out to the private sector. The Corporation's head office is located in Toronto.

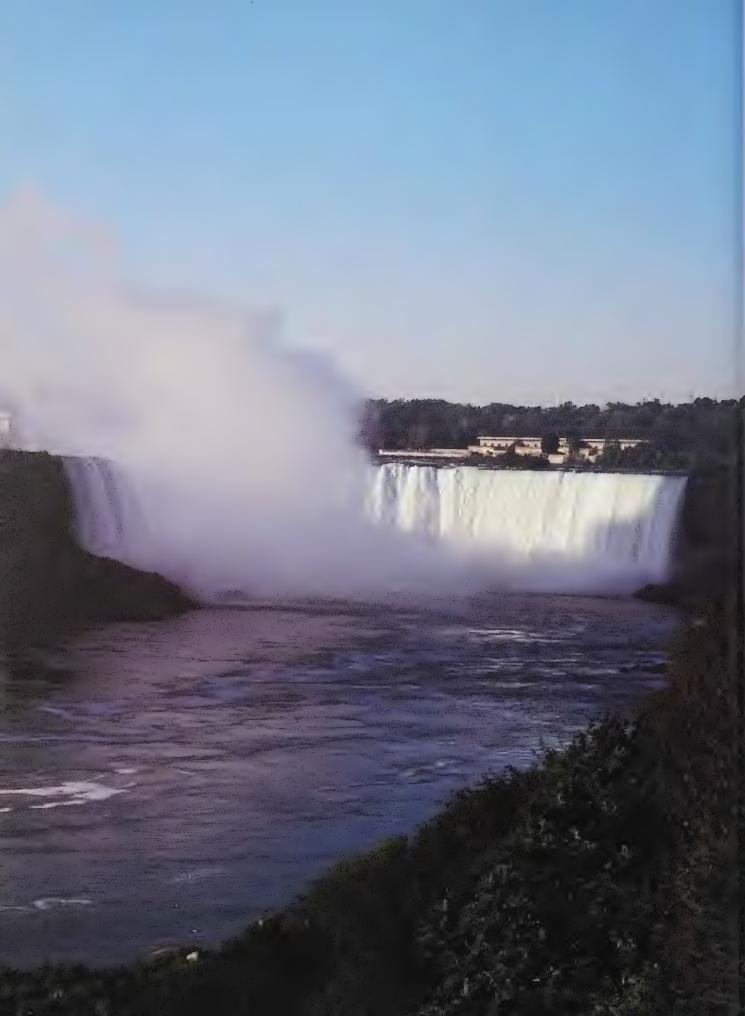
The OCC remains committed to carrying out the goals of the Ontario casino initiative which include community economic development, job creation, promoting the tourism and hospitality industry, establishing a viable new industry, and generating revenue for the province.

Objectives of the Casino Initiative

- To act as a catalyst for community economic development.
- To create jobs.
- To promote the tourism and hospitality industry.
- To establish a viable new industry.
- To generate revenue for the province.

Organizational Framework







Niagara Falls Casino/Gateway Project

When it comes to international tourist attractions, Niagara Falls is unquestionably a household word. As home to one of the world's most famous natural wonders, Niagara Falls is host to 14 million visitors each year. Tourists come not only to see the thundering Falls but also to visit many other attractions in the Region. These attractions include the new Niagara Parks Commission Butterfly Conservatory, a successful theatre district, marine park, IMAX theatre, 32 golf courses, a racetrack and park lands.

Despite this abundance of riches, the Region's tourism market is consistently underutilized. Most visitors (70 per cent) stay only a few hours and spend a modest \$32. In response, the Ontario

government - as part of its long-term goal to sustain and develop a strong provincial tourism sector — designated Niagara as one of the province's "Gateway Regions." Positioning tourism as a key driver of economic renewal in the Region, the government's strategy marshals the cooperative power required in Niagara to compete as a gateway destination in the international marketplace. The ultimate goal is to assist in transforming the Region into a unique, first-class, year-round tourist destination — which would draw and expand on the existing tourist base and increase visitors' length of stay.

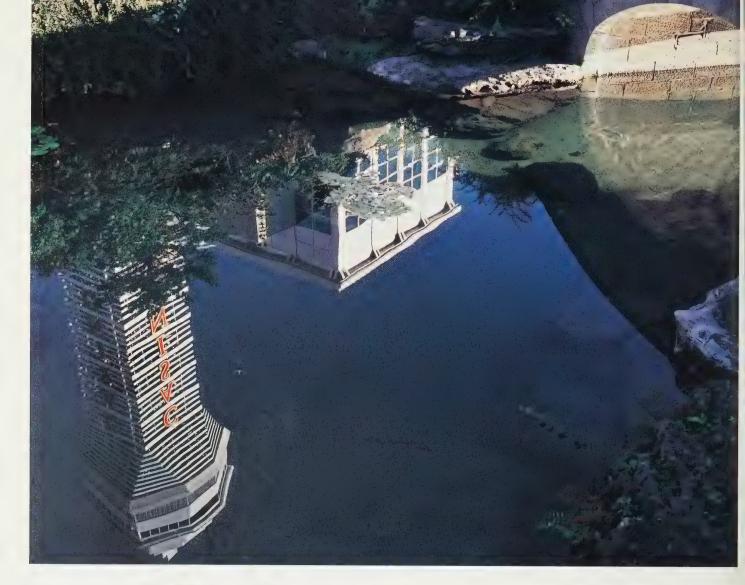
In November 1995, the government added a key element in its strategy for Niagara by announcing that Niagara Falls would become the third community to host a

The new Niagara Parks Commission Butterfly Conservatory provides visitors to the area with yet another "must-see world-class attraction

commercial casino in the province. The City had already held a referendum voting in favour of hosting a commercial casino.

On September 12, 1996, the OCC issued a request for proposals







Some of the most picturesque sights in Canada can be found within a twominute walk of Casino Niagara. Whether it's visiting the beautiful gardens, viewing the spectacular Falls themselves or just taking a quiet moment to reflect, tourists have a choice like nowhere else in the world. for a full-service casino complex and tourist development. The core objectives of the Niagara Falls Casino/Gateway Project are:

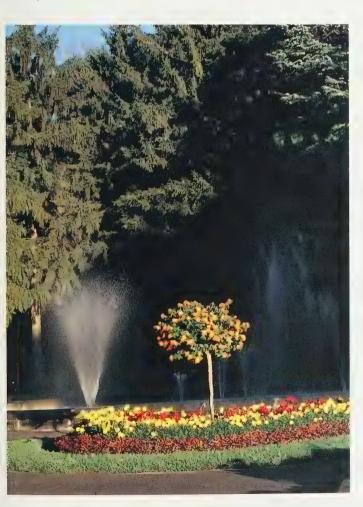
- making a significant and lasting contribution to the Niagara Region, increasing the sustainable economic benefits from tourism;
- acting as a catalyst for economic development in the city of Niagara Falls and in the Niagara Region;
- · creating jobs; and
- providing revenues to the province.

As of the closing date of March 13, 1997, the following four companies had submitted proposals to bid on the project: Falls Management Company, Fallsview, Seven Wonders of Niagara and Trump International Casino Ltd.

A Selection Committee is currently reviewing the proposals to select the one that best meets the project's objectives. The Selection Committee is composed of:

- two Assistant Deputy Ministers with tourism and finance/administration experience;
- two members of the Ontario Casino Corporation's Board of Directors with legal and business experience; and
- a tourism expert.

The Selection Committee is assisted by experts in casino and tourism design, operations and management. Following the Committee's decision, the OCC will enter into negotiations with the preferred proponent on relevant development and operating agreements. Construction of the project is expected to take three to six years.





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Interim Casino Niagara

Canada's largest casino — the interim *Casino Niagara* — opened on December 9, 1996 just over a year after the Ontario government announced that Niagara Falls was to host the province's third commercial casino. Now the most visited commercial tourist attraction in Canada, this unique world-class temporary facility is already meeting many of the objectives established for the permanent Niagara Falls Casino/Gateway Project such as creating jobs, increasing tourism and benefitting from the economic spin-offs associated with a casino. By the end of June 1997, the casino was attracting an average of 25,800 visitors daily and had created more than 9,000 direct and indirect jobs in Ontario. The OCC estimates that \$1.3 billion of new economic activity in Ontario will be generated annually by the operation of *Casino Niagara* and the additional tourists it attracts.





Castro Mingate to coost territorial ac-

Casino Niagara offers visitors two ways to "make a big entrance"

Featuring a 1920s colonial theme, *Casino Niagara* is evocative of an era of fun, excitement and glamour. Stone pillars, wrought-iron accents, hanging vines, wall murals and cascading waterfalls mirror the architecture and landscaping found throughout the Niagara Region and create the illusion of an outdoor courtyard. The focal point is a rotunda with a three-storey waterfall cascading to the rocks below, a grand staircase and escalators leading to the gaming floors, and a spectacular laser and light, day/night ceiling effect.

Located in the heart of the tourist district, immediately adjacent to the Canada-U.S. Rainbow Bridge, the casino is housed in a former retail facility that was extensively renovated. The 240,000-square-foot complex offers 96,000 square feet of gaming located on





Top: Inside the main entrance, the casino features an eighty-foot high atrium, with waterfalls and landscaped terraces connecting to the original building facades.

Above: The Baccarat Room is dressed in Versace.

two levels. The Baccarat Room — designed for premium players — offers a dramatic view of Niagara Falls. The facility also includes amenities such as fine dining at Farfalle, a Hard Rock Cafe, several restaurants, bars and lounges, retail shops and a tourist information kiosk.

Since it opened, the interim casino has had a substantial impact on the existing

tourism industry — even during the off-peak tourist season. Prior to this, the Region, which has a capacity of more than 10,000 guest rooms, experienced an average vacancy rate of about 50 per cent. After the casino opened, hotel occupancy in Niagara Falls increased by about 20 per cent over December 1995 and

room revenues jumped by close to 30 per cent. The upward trend continued throughout January, February and March 1997, with occupancy rate increases of 55 per cent, 40 per cent and 17 per cent, respectively. Room revenues for the three-month period were up



about 50 per cent over the same quarter last year (Niagara Falls Canada Visitor and Convention Bureau). Telephone inquiries to the Bureau during the first three months of 1997 jumped by an average of 86 per cent over the same period last year while the number of information packages requested increased by about 77 per cent.

Community leaders are crediting the interim *Casino Niagara* for acting as a catalyst for new developments and attractions for Niagara Falls and the Niagara Region. Some of these developments include three new hotels ranging from three- to five-star ratings; new restaurants; a \$5-



million interactive tourist attraction; two proposed factory outlet malls; and a proposed championship public golf course and lifestyle community consisting of approximately 500 townhouse and condominium units. The casino has also spurred extensive renovations to existing restaurants and tourism properties in the tourist core of Niagara Falls.



Casino Niagara has also had an impact on the cross-border traffic patterns between Canada and the United States. While the number of same-day car trips by Canadians to the United States dropped to their lowest level in two years in March 1997, Statistics Canada reported that the number of car trips made by Americans at Niagara Falls nearly doubled compared with the same month in 1996.

With an operating budget of approximately \$20 million a month,

the casino has provided new opportunities to area businesses that are proactive in their approach. As a result, most of the casino's suppliers are from the Niagara Region. The casino operator also works closely with local entrepreneurs to help them develop the products and services the casino needs. Many businesses have refocused their marketing strategies to capitalize on opportunities resulting

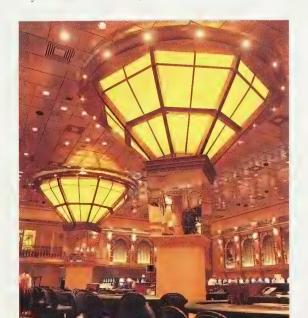
from the casino. Some have increased their revenue by offering discounts and other incentives to casino employees.

The temporary casino is currently operated by the Navegante Group, a Las Vegas-based consulting firm. The company was responsible for the completion of the construction, furnishing and equipping of the casino, as well as recruitment and staff training, marketing and developing operating procedures.

The OCC selected the Navegante Group through a competitive

selection process. Twenty-three companies responded to the Request for Expressions of Interest and eight companies, including Navegante, were invited to bid.

Once the operator of the Niagara Falls Casino/Gateway Project is selected, the Navegante Group will turn over operation of the casino to the successful proponent.



ME CARSULE

Magara Casino

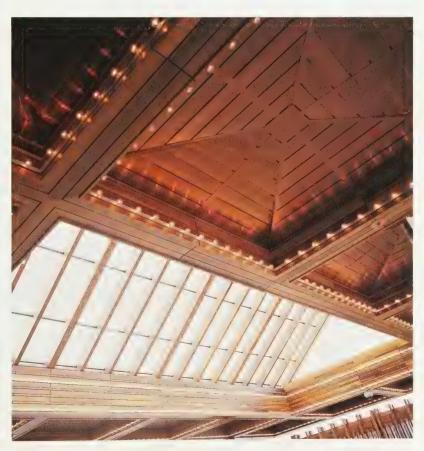




Casino Rama

Casino Rama is arguably Ontario's most unique casino initiative. It is a three-way partnership between the province, the Chippewas of Rama (Mnjikaning) First Nation and the private sector. The Ontario Casino Corporation has shared planning, constructing and implementing of this world-class facility with the Chippewas of Rama First Nation. Casino Rama is hosted by the Chippewas and is located on First Nation land. The third member of the partnership — Carnival Hotels and Casinos — is responsible for the day-to-day operations of the casino and has successfully established it as a "must-see" attraction for visitors to Central Ontario. Since its opening on July 31, 1996, Casino Rama has become the Region's most popular commercial tourist attraction — hosting more than 2.5 million visitors in eight months of operation. The casino is estimated to have doubled annual tourism spending in the area to \$84 million.

As the host community, the First Nation receives direct benefits from Casino Rama in several ways, including rental payments for lease of the property.





Valet

The Community Casing Tasi. Force has went ad an actualism of buttaggines

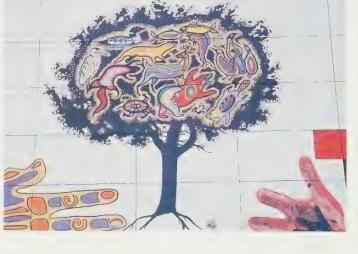
Casino revenues have also paid for new community facilities such as a seniors' centre, an arena, a new sewage treatment plant and road improvements. Rama's unemployment rate dropped from 80 per cent to about 10 per cent following the opening of the casino. Once

negotiations between the government and First Nation leadership on a First Nations fund are complete, net revenues from the casino will be shared among all of Ontario's First Nations to assist with economic and community development.

Casino Rama's design is a celebration of the unique culture of the Ojibway people. Outside, the walls feature 37,000 square feet of spectacular murals depicting Chippewa legends, stories and personalities. Inside the casino, other pictorial elements highlight the history, life and heritage of the aboriginal community. The \$160-million complex offers 65,000 square feet of gaming, including more than 2,100 slot machines and 100 table games. Casino patrons can also choose among three restaurants, a lounge with live entertainment, bars and a gift shop.

Since the project's early planning stages, the surrounding community has been actively involved in cultivating Casino Rama's economic benefits. The Community Casino Task Force is a volun-

> teer committee of area organizations and associations, including business representatives from Orillia, the Muskoka Casino Task Force, Barrie and Simcoe County. Its goal is to facilitate partnerships with the casino and to provide members with input into how the community can best benefit from the casino. The casino meets weekly with the Task Force, and has developed useful relationships with businesses throughout the



region. For example, one of the casino's major marketing initiatives — the Rama Players Discount Program — links casino patrons with more than 300 local businesses, offering any cardholder discounts on a wide variety of local retail items, services and accommodation.



Ted Williams, Casino Rama's Vice-President of Corporate Affairs, is presented with a Canadian Red Cross Citation by Red Cross representatives for supporting the organization's local efforts

The hospitality and tourism sector as well as local businesses also benefit from a video community information kiosk inside the casino. A joint project between the casino and the Task Force, the kiosk gives patrons access to a complete listing of businesses participating in the Rama Players Discount Program, as well as regional tourist information and a telephone that enables users to make hotel/restaurant reservations from the casino.

The casino has also played a major role in promoting dozens of charitable and community causes, including First Nation events and organizations through its Community Sponsorship Committee. Among others, the casino has made donations to seven women's shelters in Simcoe County, provided support for area Children's Aid Societies, the Orillia Soldiers Memorial Hospital, and several Royal Canadian Legions. The casino also assisted the Orillia Public Library with a cash donation providing free Internet access for library patrons. In recognition of its contribution to the community, Huronia Business Magazine named *Casino Rama* the "Number-One Business Employer" in Simcoe County.

The casino also showcases major international recording artists, including Kenny



Rogers, Melissa Manchester, Neil Sedaka and Kenny Loggins. Casino Rama's Hot Ticket Thursdays Summer Concert Series were held for 10 weeks in a specially constructed, giant tent pavilion located next to the casino. This concert series sets a new standard for live entertainment in the region.







Casino Windsor

When it opens in Windsor in the spring of 1998, Ontario's first permanent casino complex will mark a significant milestone in the Ontario casino initiative. As the catalyst for a made-in-Ontario casino industry, the Windsor project inspired the creation of a casino operational model, legislative and regulatory frameworks, operational policies, the planning, renovation and implementation of interim casino facilities and finally, the construction and establishment of a world-class permanent casino complex.

Meanwhile, the two interim casinos — *Casino Windsor* and the *Northern Belle Casino* riverboat — continue to exceed expectations. Attracting more than seven million patrons to Windsor's downtown in 1996, the casinos are also the city's third-largest employers. The land-based casino opened in May 1994 and the riverboat began operating in December 1995. Both are intended to close once the permanent casino complex opens.

Windsor's casinos are operated by Windsor Casino Limited, which is equally owned by Caesars World Inc. and Hilton Hotels Corporation.



The Permanent Windsor Casino Complex



With construction now well past the halfway point, Windsor's multimillion-dollar permanent casino complex is on its way to becoming the star attraction of the Windsor/Detroit Region. The facility is located on 12 acres of spectacular riverfront land in Windsor's Central Business District, offering a stunning view of the Detroit skyline.

Carrying on the momentum established by Windsor's interim casinos, this world-class facility will secure *Casino Windsor's* position in the gaming market of the twenty-first century. The striking, blue-glassed complex will feature a 75,000-square-foot casino, premium gaming area, 400-room, four-star hotel, fine dining restaurant, food court, coffee shop, sports bar, and an entertainment lounge.

The expansive facility is based on the theme of Windsor as "The City of Water," and uses water in various breathtaking ways throughout the complex, including a three-storey waterfall. The rotunda space will offer a tropical experience with lush colourful plants (live and preserved) and a dramatic conservatory ceiling grid with a changing "skyscape" ceiling effect. An illumi-



The striking, blue-glassed complex will feature a 75,000-square-foot casino, premium gaming area, 400-room, four-star hotel, fine dining restaurant, food court, coffee shop, sports bar, and an entertainment lounge.



nated ornamental "crown" will top the glass rotunda over the centre of the building, rising several metres higher than the gaming area.

Construction of the casino complex will create more than 6,000 person-years of employment. The facility will directly employ nearly 4,000 people and create more than 13,000 jobs province-wide. In its first year of operation, the permanent *Casino Windsor* is expected to attract more than 20,000 visitors daily.

Interim Casino Windsor

Casino Windsor is considered by many gaming experts to be the most profitable North American casino per square foot. Since it opened on May 17, 1994, this temporary facility has proven itself a spectacularly successful commercial tourist attraction. In 1996, the casino hosted more than 4.5 million patrons — over 80 per cent of whom were from the United States.

The land-based casino is expected to continue to perform strongly both in terms of attendance and revenue generation until it is replaced by the permanent facility



Casino Windsor is located in downtown Windsor, offering 50,000 square feet of gaming with more than 70 table games and 1,800 slot machines. It includes a food court, snack bars, several lounges, gift shop, tourist information kiosk and currency exchange. The Canadian Club Room for premium players is considered one of the largest and finest VIP spaces in North America.

As part of *Casino Windsor's* ongoing commitment to stimulate the local hospitality industry, it now operates an "Outside Restaurant Program" in which it works with Windsor restaurateurs to promote the city's fine dining establishments. Through the program, hundreds of casino patrons have enjoyed complimentary dining at 12 participating restaurants.

The casino also sponsored a familiarization tour for tourism operators from Ontario, Michigan and Ohio, showcasing local tourism and hospitality operators. Tourism spending for these visitors is estimated at \$25 million. As a result of initiatives such as this, the number of visitors travelling to Windsor by motorcoach continues to soar compared to pre-casino levels. Research by the Windsor-Essex County and Pelee Island Convention and Visitors Bureau showed an increase in motorcoach tours from fewer than 400 in 1993 to more than 4,000 in 1996.

The casino is also a valuable corporate contributor to the Windsor community and supports a wide variety of charitable causes and community initiatives. In 1996, *Casino Windsor* was the title sponsor of the Windsor AIDS Walk. More than 10 per cent of the walkers were casino employees. The casino also supported numerous community events, such as the Windsor Jazz Festival, the Windsor Buskers Festival and the Press Club of Windsor, 1996 Quill Award in Journalism.

Windsor Casino Limited has been exemplary in its efforts to increase awareness of the issues surrounding problem and compulsive gambling. It was rewarded for its vigilance by winning the 1996 Ontario Casino of the Year award from the Canadian Foundation on Compulsive Gambling. The award was presented to the casino operator that demonstrated a commitment to responsible gaming policies and practices.

Casino Windsor also received the Windsor Star Landscape Ontario 1996 Civic Beautification Award. Recipients are judged on the merits of their gardening and landscaping accomplishments as well as their overall contribution to the quality of life in the Windsor community.

Now in its final year of operation, the interim facility is intended to close when the permanent *Casino Windsor* complex is completed in the spring of 1998.

makers and sold





The Northern Belle Casino

Docked along the riverfront in the heart of downtown Windsor, the *Northern Belle Casino* riverboat is generating both attention and excitement for the community's waterfront. As Canada's only riverboat casino, the Northern Belle has hosted more than 2.3 million patrons in the past year.

Built in 1994 in Lockport, Louisiana, the 245-foot Mississippistyle paddlewheeler has 23,000 square feet of gaming space, located on four decks. Moving among the decks, visitors encounter four

New Orleans themes: Cajun, Jazz, Mardi Gras and Bourbon Street. The vessel offers 828 slot machines, 40 table games and a premium players area. The riverboat was established to alleviate overcapacity crowds at *Casino Windsor*.

Located adjacent to the Northern Belle Casino, an 18,000-square-foot, land-based facility provides an entertainment area, food court, gift shop, currency exchange and a

tourist information kiosk. With an average of 6,500 visitors to the riverboat a day, the casino's food court serves thousands of meals daily. As part of a community-corporate partnership, the food service is operated by the City Centre Business Association (CCBA) and the Ontario Restaurant Association (Windsor) (ORA). Proceeds are shared among the individual Windsor restaurateurs, the CCBA and the ORA.

Visitors encounter four
New Orleans themes:
Cajun, Jazz, Mardi Gras

and Bourbon Street.









The Northern Belle riverboat's spectacular paddlewheel.

Twelve members of the riverboat casino's marine crew were recently awarded Certificates of Recognition by the U.S. Coast Guard. The crew discovered that a nearby, unmanned, cruise ship had broken free from all but one of its moorings. They

immediately boarded the vessel and secured

the lines to keep the ship from breaking away.

The Ontario Casino
Corporation leases the
vessel from the Hilton
Gaming Corporation. The
Northern Belle Casino is
scheduled to close once the
permanent Casino Windsor complex

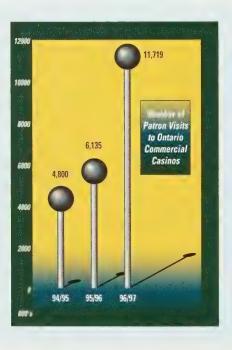
opens in the spring of 1998.

9,072

Employees at Ontario Commercial Casinos

2,029

94/95 95/96 96/97



Opening dates:

- Casino Windsor: May 17, 1994
- The Northern Belle Casino riverboat:
 December 13, 1995
- Casino Rama: July 31, 1996
- Casino Niagara: December 9, 1996



Social Responsibility and the Ontario Casino Corporation

Each of Ontario's commercial casinos is actively involved in raising awareness about problem and compulsive gambling. Gaming in its many forms has been available in Ontario for decades and is considered. by most, as simply another form of entertainment. However, a minority of people do have difficulty exercising moderation. In response, the Ontario Casino Corporation requires that each commercial casino operator implement a problem gambling strategy to raise awareness among casino patrons, employees and community members. These policies have been developed in co-operation with professional and volunteer agencies, including the Canadian Foundation on Compulsive Gambling (CFCG), and are intended to complement the government's strategy on problem gambling. In recognition of these efforts, the CFCG recently honoured Domenic Alfieri, past president of the Ontario Casino Corporation, as the Ontario Gaming Industry's "Person of the Year."

To raise patron awareness of the issue of problem gambling, casino operators conduct in-house advertising campaigns and produce educational materials regarding the issue. Outside the casino, operators use advertising to raise awareness and provide a deterrent for young gamblers. Training programs for casino employees, which are conducted by the CFCG and other agencies, focus on recognizing the signs of problem and compulsive gambling, and providing intervention and referral knowledge.

For its part, the Ontario Government, through the Ministry of Health, funds programs for the prevention, public education and treatment of problem and compulsive gambling. The Ontario Ministry of Health recently announced a toll-free helpline for people seeking information or counselling for problem addictions. The telephone number will be posted inside each commercial casino.

Along with its efforts in promoting responsible gaming, the Ontario Casino Corporation is developing and implementing a comprehensive Environmental Management System. The environmental policy and program affirms the Corporation's commitment to reducing risks and protecting the environment.

KNOW WHEN TO WALK AWAY.

Compulsive gambling is an illness that affects family and friends as well as the gambler. Casino Windsor recognizes this societal issue and will continue to do its part to combat this problem through the "Responsible Gambling Program."

Advertising campaigns such as these examples from Casino Windsor and Casino Niagara have been created to raise public awareness about compulsive gambling.

BET WITH YOUR HEAD. NOT OVER IT.

We couldn't agree more.

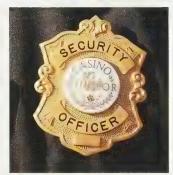
Awareness, education and training are initiatives targeted by *Casino Niagara* to assist with responsible gaming. *Casino Niagara* is commited to these initiatives and continues to work closely with the local community and the Canadian Foundation on Compulsive Gambling. Help is just a call away.

Maintaining Safety and Security

The Ontario Casino Corporation is committed to ensuring a high level of safety and security for casino patrons both inside and outside its commercial casinos. Security measures are provided through the combined efforts of the Ontario Gaming Control Commission, law-enforcement agencies at the municipal, provincial and federal levels, and individual casino operators.







Inside the Casino

Inside each facility, the operator works closely with the Ontario Gaming Control Commission (OGCC). Through a seconded Ontario Provincial Police (OPP) contingent, the Commission maintains a full-time police presence and has offices on the premises. These officers are responsible for detecting criminal activity; liaising with local, national, and international enforcement agencies and gaming regulators; and developing intelligence information as it relates to known gaming cheats.

In addition, the OGCC conducts background investigations to ensure that persons who work in commercial casinos or supply them with goods or services do so with honesty and integrity. Any potential employee who may have access to the casino gaming floor must make complete disclosure on the initial job application, be fingerprinted and photographed, have his or her criminal record checked, and be interviewed by an OGCC investigator.

The OGCC also works closely with other Canadian law-enforcement agencies and has signed agreements with many U.S. and international gaming jurisdictions. In each community where a casino is located, a separate and dedicated unit, which includes officers from the OPP, local police service, and Canada Customs and Immigration, is responsible for developing intelligence information and preventing organized-crime involvement in the casino's operations.

In addition to these security measures, each casino operator maintains uniformed and non-uniformed security staff, carries out stringent internal controls, and utilizes sophisticated closed-circuit, video-monitoring systems located throughout the casino.

Outside the Casino

Commercial casinos attract millions of visitors every year and, much like any major tourist attraction, require increased policing to cope with the demands that accompany large crowds.

Funding for additional policing is paid through casino revenues. The casinos in Windsor and Niagara Falls each fund 25 police officers to patrol the casino neighbourhood. In Rama, the casino pays for eight OPP officers to patrol the Chippewas of Rama First Nation lands and 24 additional officers to patrol nearby Orillia and Simcoe County.



Management's Responsibility for Annual Reporting

Management of the Corporation is responsible for the preparation of the financial statements and all other information included in this report. This responsibility includes the selection of appropriate accounting principles as well as making informed judgements and estimates in accordance with generally accepted accounting principles.

The Corporation maintains an appropriate system of internal control to provide reasonable assurance that relevant and reliable financial statements are produced and that Corporation assets are properly safeguarded. KPMG, the Corporation's independent auditors appointed by the Board of Directors, are responsible for auditing the financial statements. Their report outlines the scope of their examination and their opinion on the financial statements.

The financial statements have been reviewed and approved by the Board of Directors and its Audit Committee. This Committee meets from time to time with management and the auditors who have direct access to the Committee.

Buin Wood Youl Mouni

Paul Micucci Chief Financial Officer

Acting President

Brian Wood

Toronto, Canada

Directors, Board of Directors, 1996-1997

Brian Wood, Chair
(starting February 26, 1997)
Gil Bennett, Chair
(until February 25, 1997)
Joanne DeLaurentiis
Evelyne Dreyfus
Michael Gourley
(until May 1, 1996)

Gordon Hepburn
Shoba Khetrapal
Jeffrey Lo
David Nash
Sharon Paul
Ken Signoretti
Judith Wolfson
(until August 23, 1996)

Auditors' Report

To the Board of Directors of the Ontario Casino Corporation / Société des casinos de l'Ontario and the Minister of Economic Development, Trade and Tourism

We have audited the balance sheet of the Ontario Casino Corporation / Société des casinos de l'Ontario as at March 31, 1997 and the statements of income, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

KTMG

Toronto, Canada May 30, 1997

Balance Sheet

March 31, 1997, with comparative figures for 1996 (In thousands of dollars)

Assets	1997	1996
Current assets:		
Cash and short-term investments (note 2)	\$ 203,271	\$ 88,459
Accounts receivable	9,290	2,831
Advances for Casino Rama development	_	40,762
Inventory	3,511	593
Prepaid expenditures	8,195	2,529
	224,267	135,174
Capital assets (note 3)	477,535	150,518
Pre-opening expenditures (note 4)	46,460	8,594
Deferred lease costs	3,500	8,490
Other deferred charges (note 5)	28,192	_
	\$ 779,954	\$ 302,776

Liabilities and Provincial Equity

Current liabilities:

Accounts payable and accrued liabilities	\$ 76,436	\$ 29,184
Due to Windsor Casino Limited (note 13)	100,000	6,337
Due to Operators (note 11)	35,404	24,428
Current portion of long-term debt (note 6)	208,307	_
	420,147	59,949
Long-term debt (note 6)	/ <i>98,170</i>	_
Obligations under capital leases (note 7)	163	9,947
m t t t t t t		

Provincial equity:

Retained earnings	22.	2,995 206,611	
Reserves (note 2)	3	26,269	
	26	1.474 232.880	

Commitments and other contingencies (notes 10, 11, 12, & 13)

Subsequent event (note 13)

\$ 779,954 \$ 302,776

See accompanying notes to financial statements.

On behalf of the Board:

Gordon Hepburn, Director

Joanne DeLaurentiis, Director

Hame wais



Statement of Income

Year ended
March 31, 1997,
with comparative
figures for 1996
(In thousands
of dollars)

	1997	1996
Revenue:		
Gaming	\$ 1,005,323	\$ 577,285
Non-gaming	80,704	44,921
Investment income	3,046	11,979
	1,089,073	634,185
Less promotional allowances	25,299	14,098
	1,063,774	620,087
Costs and expenses:		
Gaming:		
Win tax (note 8)	201,065	115,457
Operations	152,996	65,833
	354,061	181,290
Non-gaming	48,762	23,011
Operators' fees (note 11)	50,375	35,993
General and administrative	85,036	26,123
Amortization	89,673	28,113
Lease and rental	16,799	14,259
Interest	10,297	606
Other	15,775	3,930
	670,778	313,325
Net income	\$ 392,996	\$ 306,762

See accompanying notes to financial statements.

Statement of Retained Earnings

Year ended
March 31, 1997,
with comparative
figures for 1996
(In thousands
of dollars)

	1997	1996
Retained earnings, beginning of year	\$ 206,611	\$ 66,958
Net income	392,996	306,762
Distributions to the Province of Ontario	(364,402)	(177,000)
Transfers from (to) reserves, net:		
Capital renewal reserve	(15,334)	1,950
Operating reserve	4,238	10,146
Severance reserve	(2,201)	(2,138)
Gaming creditor reserve	1,087	(67)
	(12,210)	9,891
Retained earnings, end of year	\$ 222,995	\$ 206,611

See accompanying notes to financial statements.



Statement of Changes in Financial Position

Year ended

March 31, 1997,

with comparative

figures for 1996

(In thousands

of dollars)

	1997	1996
Cash provided by (used in):		
Operations:		
Net income	\$ 392,996	\$ 306,762
Amortization which does not involve cash	89,673	28,113
Changes in non-cash operating working capital	45,393	26,024
	528,062	360,899
Financing:		
Advances for Casino Rama development	-	(40,762)
Repayment of advances for Casino Rama development	40,762	-
Obligations under capital leases	(11,992)	21,910
Funds advanced by:		
Windsor Casino Limited	93,663	6,337
Ontario Financing Authority	146,990	55,000
CHC Casinos Canada Limited	34,487	_
Repayments to Ontario Financing Authority	_	(55,000)
Deferred lease costs	4,990	3,261
Proceeds from bank loan	155,000	-
Repayments of bank loan	(30,000)	
	433,900	(9,254)
Investing:		
Acquisition of capital assets	(397,619)	(139,801)
Pre-opening expenditures	(53,518)	(5,211)
Other deferred charges	(31,611)	-
	(482,748)	(145,012)
Other:		
Distributions to the Province of Ontario	(364,402)	(177,000)
Increase in cash	114,812	29,633
Cash, beginning of year	88,459	58,826

\$ 203,271

\$ 88,459

Cash is defined as cash and short-term investments.

Cash, end of year

See accompanying notes to financial statements.

Year ended

March 31, 1997,
(Tabular amounts

in thousands

of dollars)

On December 2, 1993, the Ontario Casino Corporation Act, 1993 (the "Act") established the Ontario Casino Corporation/Société des casinos de l'Ontario (the "Corporation"). The Corporation was created without share capital and is not liable for income taxes under the Income Tax Act (Canada). The objectives of the Corporation are:

- to conduct and manage games of chance;
- to ensure that games of chance are conducted and managed in accordance with the Act and the Gaming Control Act, 1992 and regulations made under these Acts;
- to provide for the operation of casinos; and
- to provide for the operation of any business that it considers reasonably related to operating a casino, including any business that offers goods or services to persons who play games of chance in a casino.

The Corporation commenced active operations on April 1, 1994 and has expanded significantly during its first 36 months of operations. The Corporation's operations now encompass the following four distinct properties:

Casino Windsor and the Northern Belle Casino

Windsor Casino Limited operates *Casino Windsor* and the *Northern Belle Casino* on behalf of the Corporation in accordance with the Interim Development and Operating Agreement dated May 14, 1994, as amended. The parties have agreed to extend their Interim Development and Operating Agreement to the earlier of:

- (a): April 30, 1998, or
- (b) the opening date of the permanent casino.

Casino Windsor, an interim land-based casino, and the Northern Belle Casino, a riverboat casino, commenced operations in Windsor, Ontario on May 17, 1994 and December 13, 1995, respectively. These financial statements include assets, liabilities and operations in connection with these two properties for the twelve-month period ending March 31, 1997.

Casino Rama

The Corporation, the Chippewas of Rama First Nation ("Chippewas of Rama"), CHC International Inc., CHC Casinos Canada Limited and various corporations wholly owned by the Chippewas of Rama entered into a Development and Operating Agreement dated March 18, 1996, as amended, relating to the development and operation of *Casino Rama*, a casino complex located on the Chippewas of Rama lands near Orillia, Ontario. The Agreement is for a ten-year period expiring July 2006, subject to earlier termination as specified in the Agreement.

Formal negotiations between the First Nations of Ontario and the Province of Ontario to establish and administer a First Nations Fund into which the excess cash flow from *Casino Rama* will be distributed commenced in early 1996. Pending establishment of a fund and agreement between the Corporation and fund administrators agreed to by the Minister of Finance, the Corporation will hold these funds in a non-comingled investment account.

Under the terms of the Agreement, the Chippewas of Rama were responsible for the development and construction of *Casino Rama* and certain community and off-site infrastructure facilities. The lands used for *Casino Rama* are leased under a 25-year ground lease from the federal government by Casino Rama Inc., a wholly owned subsidiary of the Chippewas of Rama. In connection with the development of *Casino Rama*, as well as the community and off-site infrastructure facilities, a Canadian chartered bank provided Casino Rama Inc. with \$160-million project financing. The Agreement provides that the principal and interest payments under the credit facility be made from gross revenues from the operation of *Casino Rama* in the priority of payments as set out in the Agreement.

In addition, CHC Casinos Canada Limited, a wholly owned subsidiary of CHC International Inc., was appointed Operator to operate *Casino Rama* in accordance with the Development and Operating Agreement. The Operator acts as agent for the Corporation, to operate on behalf of the Corporation the games of chance carried on at *Casino Rama*.

Casino Rama commenced operation on July 31, 1996, and accordingly, these financial statements include the assets, liabilities and operations in connection with Casino



Rama for the period from the commencement of operations to March 31, 1997.

Casino Niagara

The Corporation, Navegante Group, Inc. and The Navegante Corporation of Canada ("Navegante") entered into a Development and Operating Agreement dated August 1, 1996 relating to the development and operation of Casino Niagara, a casino complex located in Niagara Falls, Ontario. The term of the Agreement commenced on December 9, 1996 and expires on July 31, 1997, subject to certain extension options as specified in the Development and Operating Agreement. Subsequent to year-end, the Corporation has exercised its option to extend the Agreement for a three-month period ending October 31, 1997. It is the intention of the Corporation to select a permanent operator for Casino Niagara. Under the terms of the Development and Operating Agreement, Navegante was appointed sole and exclusive agent for the Corporation, responsible for assisting and providing consultation in the development, and the subsequent operation, of Casino Niagara.

These financial statements include the assets, liabilities and operations in connection with *Casino Niagara* for the period from the commencement of operations to March 31, 1997.

1. Significant accounting policies:

- (a) Gaming revenue and promotional allowances:
 Gaming revenue represents the net win from gaming activities, which is the difference between amounts earned through winnings and payouts by the casino.
 Non-gaming revenue includes promotional allowances. The allowances are equal to the retail value of accommodation, food, beverage and other items furnished to patrons at no cost. The cost of providing the promotional allowances is charged to operations.
- (b) Inventory: Inventory is stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets are stated at cost. Amortization is provided using the following methods and annual rates:

Building	Straight-line
	over ten years
Furniture, fixtures	Straight-line over
and equipment	three to seven years
Leased assets and	Straight-line over
leasehold improvements	the term of the lease

Capital assets are amortized upon the commencement of operations.

Interest on debt to finance major additions to capital assets is capitalized until the commencement of operations. The interest cost is determined using the interest rate on incremental debt incurred by the Corporation to finance these capital assets. Interest capitalized is amortized over the same period as the related asset.

(d) Pre-opening expenditures:

Certain expenditures, consisting of compensation, consulting and other costs incurred in connection with the development and opening of casinos are deferred and amortized over periods ranging from one to three years.

(e) Deferred lease costs:

Aggregate expenditures in connection with leased assets and the benefit from lease inducements are amortized evenly over the term of the lease.

(f) Other deferred charges:

Other deferred charges consist primarily of financing fees and assets contributed to the Chippewas of Rama in accordance with the Development and Operating Agreement relating to this property. Deferred financing fees are amortized over a period of three years. Assets contributed to the Chippewas of Rama consisting primarily of funding for the construction of a community centre, seniors' centre

and certain infrastructure facilities are amortized over the term of the related Development and Operating Agreement.

(g) Foreign currency translation:

Monetary assets and liabilities are translated at the year-end exchange rates. Statement of income items are translated at the rate of exchange in effect at the transaction date. Translation gains and losses are included in income in the period in which they arise.

(h) Concentration of credit risk:

The Corporation has financial instruments which potentially expose it to a concentration of credit risk. The instruments consist of cash and short-term investments and accounts receivable. Cash balances consist of deposits with major commercial banks. Short-term investments are placed with high-quality financial institutions. Accounts receivable includes credit provided to patrons in the normal course of business. The Operator, on the Corporation's behalf, performs ongoing credit evaluations of its patrons and maintains reserves for potential credit losses, which when realized, have been within the range of management's expectations.

(i) Financial instruments:

The Corporation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, long-term debt and obligations under capital leases.

The Corporation determines the fair value of the financial instruments based on discounted cash flow analyses.

The fair value amounts for cash, accounts receivable, accounts payable and accrued liabilities, current portion of long-term debt and obligations under capital leases approximate carrying amounts due to the short maturities of these instruments.

The fair value of the long-term debt is calculated by discounting future cash flows using rates currently available for debt of similar terms and maturity.

(i) Derivative financial instruments:

The Corporation is party to certain derivative financial instruments, principally interest rate swap contracts, used to manage its exposure to interest rate fluctuations. These instruments are not recognized in the financial statements of the Corporation on inception. Payments and receipts under the interest rate swap contracts are recognized as adjustments to interest expense on long-term debt.

(k) Use of estimates:

Management of the Corporation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

2. Reserves:

The Corporation has established cash reserves in accordance with various operating agreements for the following purposes:

- Capital renewals reserve for capital asset additions other than normal repairs or major improvements.
- Operating reserve to satisfy specified obligations in the event that revenue will be insufficient to meet such obligations.
- Severance reserve to satisfy certain obligations of the Corporation arising from termination or layoff of employees of the Operator in connection with the termination of the Operator.

Cash funds are held in separate bank accounts for such purposes as follows:

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	 1997	 1996
Capital renewals reserve	\$ 21,115	\$ 5,781
Operating reserve	10,762	15,000
Severance reserve	6,602	4,401
Gaming creditor reserve	 -	 1,087
	\$ 38,479	\$ 26,269

The gaming creditor reserve has been transferred to retained earnings after regulatory authorities agreed that the reserve is no longer required. In addition, the Corporation has restricted cash in the amount of \$9,462,000 to be used for construction-related expenditures.

3. Capital assets:

1997					***************************************	1996		
			Acci	ımulated	Net	carrying	Net	carrying
		Cost	amo	ortization		amount		amount
Land	\$	59,863	\$	_	\$	59,863	\$	59,495
Building		56,816		3,726		53,090		-
Furniture, fixtures and equipment		181,882		61,082		120,800		35,739
Asset under capital lease		33,225		13,948		19,277		29,607
Construction in progress		115,016		-		115,016		6,425
Leasehold improvements		141,888		32,399		109,489		19,252
	\$	588,690	\$	111,155	\$	477,535	\$	150,518

During the year, the Corporation capitalized interest amounting to approximately \$4,417,000 (1996 - \$4,495,000).

4. Pre-opening expenditures:

Pre-opening expenditures consist of:

	 1997		1996
Salaries, wages and benefits	\$ 32,497	\$	8,126
Consulting and technical services	9,113		3,245
Marketing	11,049		4,379
Licensing fees	1,713		-
Recruitment and training	1,719		-
Lease and rental	1,860		-
Security	983		_
Interest	727		-
Other, including general and administrative	9,696		
	69,357	1:	5,750
Accumulated amortization	 22,897		7,156
	\$ 46,460	\$	8,594

5. Other deferred charges:

		Accumula	ited	 Net book
	 Cost	amortiza	tion	value
Assets contributed to the Chippewas of Rama	\$ 25,379	\$ 1	.707	\$ 23,672
Deferred financing fees	 6,232	1,	712	4,520
	\$ 31,611	\$ 3	,419	\$ 28,192

6. Long-term debt:

Loan payable to the	
Ontario Finance Authority	\$ 146,990
Bank loan	125,000
Advance from CHC Casinos	
Canada Limited (U.S. \$25,000,000)	34,487
	306,477
Less current portion	208,307
	\$ 98,170

(a) Loan payable to the Ontario Finance Authority:

On September 29, 1996, the Corporation entered into a loan agreement with the Ontario Finance Authority to finance the construction of Casino Niagara. The Corporation received advances from the Ontario Finance Authority amounting to \$146,990,000 (including capitalized interest of \$1,398,000). On March 31, 1997, the loan was consolidated under an unsecured debenture given by the Corporation to the Ontario Finance Authority. The debenture shall be repaid in monthly instalments of principal and interest over a one-year amortization period and bears interest at 4.41% per annum.

(b) Bank loan:

A Canadian chartered bank (the "Lender") advanced \$155,000,000 out of the \$160,000,000 non-revolving credit facility in favour of Casino Rama Inc. to finance the development of *Casino Rama*.

Repayment of the facility is as follows:

\$10,000,000 repaid on September 30, 1996;

- subsequent monthly instalments of \$3,333,333 beginning November 1, 1996; and
- an amount equal to thirty percent of the excess cash flow, as defined in the Term Credit Agreements, calculated and paid on a quarterly basis, with the first payment commencing after March 31, 1997.

An additional instalment of \$3,333,333 was made during the year.

The credit facility matures July 1, 2000. Interest paid on the credit facility amounted to \$5,890,022 for the period.

The Lender has also established a \$10,000,000 revolving credit facility in favour of Casino Rama Inc. to finance the operating and working capital requirements of the casino. To date, no amounts have been advanced under this facility. Subsequent to year-end, this facility matured and has been replaced with a \$5,000,000 revolving credit facility.

Both credit facilities bear interest at bank prime plus 1.5% up to and including May 15, 1997 and between bank prime and bank prime plus 1.5% thereafter, dependent on conditions outlined in the Term Credit Agreements.

As security for the funds advanced under these credit facilities, Casino Rama Inc. has granted a first-ranking charge in favour of the Lender over all assets financed by the Lender (with the exception of the community and off-site infrastructure facilities), and the Operator has pledged all of its rights under the Development and Operating Agreement in favour of the Lender.

The amounts owing to the Lender will be paid from revenues generated from *Casino Rama* in priority of payments provided for in the Development and Operating Agreement.

- (c) Advance from CHC Casinos Canada Limited:

 Pursuant to the Development and Operating
 Agreement for Casino Rama, CHC Casinos Canada
 Limited (the "Operator") contributed U.S. \$25,000,000
 toward the development of Casino Rama. The
 Operator is entitled to recover this amount from
 revenues generated by Casino Rama in the priority
 provided for in the Development and Operating
 Agreement according to the following formula:
- until such time as the \$155,000,000 non-revolving credit facility has been repaid, an amount of up to U.S. \$625,000 plus interest per quarter; and
- once the bank financing has been repaid, an amount of up to U.S. \$1,562,500 plus interest per quarter.

The amount contributed by the Operator bears interest at bank prime plus 1% per annum, calculated and compounded monthly. Interest amounted to \$1,408,238 for the period.

The minimum principal repayments required over the next five years are approximately as follows:

Year ending March 31:	
1998	\$ 208,307
1999	43,449
2000	32,305
2001	8,622
2002	8,622
Thereafter	5,172

The fair value of the long-term debt approximates carrying value.

Casino Rama entered into an interest rate swap contract with a notional principal of \$115,000,000, which matures on October 1, 1998. The contract entitles Casino Rama to receive interest at floating rates on the notional principal amount and oblige it to pay interest at a fixed rate of 5.59%. The net interest rate receivable or payable under

the contract is settled monthly with the counter party, which is a Canadian chartered bank.

The fair value of the interest rate swap contract is \$1,534,000, and is calculated based on market conditions at year-end, supplemented with quotes from financial institutions.

7. Obligations under leases:

The Corporation is committed to rental payments for its leased premises and equipment aggregating \$59,972,000 over the terms of the leases, expiring up to 2006. Future minimum annual lease payments are as follows:

		Capital	<i>Operating</i>
		leases	leases
Year ending March 31:	******	************	
1998	\$	10,458	\$ 13,033
1999		218	7,218
2000			6,009
2001			3,909
2002			3,924
Thereafter			15,203
Total minimum			***************************************
lease payments		10,676	\$ 49,296
Less amount representing			*************
interest (at 8.75%)		(758)	
Present value of net minimum	m		
capital lease payments		9,918	
Current portion of obligation	S		
included in accounts paya	ble		
and accrued liabilities		(9,755)	
	\$	163	

Interest on the capital lease obligation amounted to approximately \$1,321,000 (1996 - \$606,000).

8. Win tax:

The Corporation remits win tax to the Province of Ontario weekly. This tax amounts to 20% of gaming revenue.

9. Corporate head office expenses:

Included in costs and expenses are the expenses of the Corporation's head office as follows:

	 1997	***************************************	1996
Salaries, wages and benefits	\$ 1,259	\$	789
Transportation and communication	330		214
Purchased services	1,405		1,800
Amortization	222		210
Lease and rental	288		301
Niagara Gateway Project	254		
Goods and services tax	225		_
Other	226		40
	4,209		3,354
Less amounts recoverable from Casino Rama	900		1,142
	\$ 3,309	\$	2,212

10. Pension plans:

The Operators of Casino Rama, Casino Windsor and the Northern Belle Casino have created defined contribution pension plans for their salaried, hourly and executive employees. The casinos are required to contribute 2% of an employee's base earnings under the salaried and hourly pension plans and 3% of employee's base earnings under the executive pension plans. Employee basic contributions, matched by the casinos, of up to 2% of base earnings are permitted under the hourly pension plans and up to 3% of base earnings for the salaried and executive pension plans. Employee voluntary contributions of up to 12% of base earnings are permitted under the hourly pension plans, up to 10% of base earnings under the salaried pension plans and up to 9% of base earnings under the executive pension plans. The pension expense for the period amounted to \$2,953,000 (1996 - \$1,898,000).

The Operator of *Casino Niagara* has announced its intent to implement a defined contribution pension plan available to employees which will be retroactive to the opening date of the casino. As at March 31, 1997, no formal plan has been introduced; however, management has provided for its estimated contribution liability for the period ended March 31, 1997.

11. Related party transactions:

- (a) Under the terms of the Development and Operating Agreements for each of the casinos, the Operator is entitled to receive an Operator's fee calculated as a percentage of gross revenues (or gross operating receipts, in the case of Casino Windsor) and a percentage of net operating margin, both as defined in the related operating agreements.
- (b) Under the terms of the Development and Operating Agreement for Casino Rama, the Chippewas of Rama receive an annual fee of \$4,500,000, adjusted for inflation (the "Rama Allocation"), relating to development and ongoing operating services. The Rama Allocation for the period from the commencement of operations to March 31, 1997 amounted to \$3,000,000 the payment of which, under the terms of the bank credit facility, has been postponed until after March 31, 1997. Interest on any Rama Allocation deferral shall be calculated at bank prime rate plus 1% per annum, compounded monthly.

12. Contingencies:

- (a) The Corporation is from time to time involved in various proceedings of a character normally incident to its business. The Corporation believes that the outcome of these outstanding claims will not have a material impact on these financial statements. Settlements, if any, concerning these contingencies will be accounted for as a charge to the statement of income in the period in which the settlement occurs.
- (b) The Corporation has accounted for Goods and Services Tax ("GST") in accordance with arrangements orally agreed upon between the Corporation and the federal government. These arrangements are required to be confirmed in amendments to the existing GST Regulations. Adjustments, if any, will be accounted for during the period when the amendments to the Regulations are introduced and legislated by the federal government.

13. Subsequent event:

Casino Windsor and the Northern Belle Casino are being operated until the completion of the permanent casino. The permanent facility, presently being constructed in downtown Windsor, will include a 75,000-square-foot casino, a hotel, food and beverage outlets and other amenities. This complex will be owned by the Corporation and is expected to open during the 1997/98 fiscal year. Subsequent to year-end, the Corporation and WCL entered into development and cost-sharing and operating agreements for the permanent casino. The estimated cost to complete this complex is approximately \$400,000,000, subject to Management Board of Cabinet approval. Under the terms of the development and cost-sharing agreement, the total project costs will be financed 25% by WCL and 75% by the Corporation. The amount financed by WCL is repayable by the Corporation, together with interest at 4.5% per annum compounded monthly until the opening date of the permanent casino and 10% per annum compounded monthly thereafter. In connection with the acquisition of the land site for the permanent casino, the Corporation has agreed to provide the City of Windsor (the "City") with a fixed return over 20 years commencing the earlier of:

- (a) the month following the last monthly payment under the interim casino parking lot lease, and
- (b) May 1, 1998

in the amount of \$2,600,000 per annum for the first ten years and \$3,000,000 per annum for the last ten years. The Corporation is obliged to make a development cost contribution of \$4,000,000 to the City with respect to improvements to an existing market and the riverfront park adjacent to the permanent casino site. The Corporation will also reimburse the City for the Corporation's share of infrastructure costs which are expected to range from \$8,000,000 to \$16,000,000.

Management's
Discussion and
Analysis of
Financial
Condition and
Results of
Operations

Results of Operations

The Ontario Casino Corporation completed a year of significant growth in fiscal 1997. *Casino Rama* opened to the public on July 31, 1996 and *Casino Niagara* commenced operations on December 9, 1996. The Corporation's total gaming space more than tripled in the year from 73,000 square feet to 234,000 square feet and now includes four casinos: *Casino Windsor*; the *Northern Belle Casino* riverboat; *Casino Rama*; and *Casino Niagara*. The increase in gaming capacity resulted in our number of patron visits almost doubling from 6.1 million in 1996 to 11.7 million in 1997.

The opening of two new casinos in the year led to record operating results for fiscal 1997. *Casino Rama* was operational for eight months and *Casino Niagara* was open four months, in addition to 12 months of operation for *Casino Windsor* and the *Northern Belle Casino*. Gaming revenues for 1997 were \$1.0 billion, an increase of \$428.0 million or 74% from the prior year level of \$577.3 million. Both table-game revenue and slot revenue increased substantially from the previous year and contributed to the overall increase in gaming revenues. Table-game revenue increased from \$164 million in 1996 to \$307 million in 1997 while slot revenue went from \$413 million to \$698 million.

Non-gaming revenues also increased in fiscal 1997 to \$80.7 million from \$44.9 million in 1996, an increase of \$35.8 million or 79%. Non-gaming revenues comprise casino food and beverage sales, transportation operations and foreign exchange transactions.

Investment income decreased to \$3.0 million in 1997 from \$11.9 million in 1996 as a result of a monthly rather than a year-end distribution to the Province. In fiscal 1996, one distribution was made to the Province at the end of the year resulting in a higher cash balance being maintained throughout the year. Interest income is earned from cash on hand and from short-term investments.

Promotional allowances increased to \$25.3 million in 1997, an increase of \$11.2 million or 79% from 1996, which is consistent with the increase in gaming and non-gaming revenues. Promotional allowances remained consistent with 1996 levels as a percentage of

gaming revenues, being 2.5% in 1997 and 2.4% in 1996. Promotional allowances represent the retail value of accommodation, food and beverage furnished at no cost to patrons.

Win tax, which is paid to the Province of Ontario and is equal to 20% of the gross gaming revenues generated from commercial casino operations in Ontario, totalled \$201.1 million in 1997 as compared to \$115.5 million in 1996.

Gaming operating costs also increased as a result of adding two new casinos in 1997. The largest component of gaming operating costs is salaries and wages. Operating costs of \$153.0 million in 1997 increased \$87.2 million or 132.4% from \$65.8 million in 1996. The total number of people working at Ontario casinos at the end of fiscal 1997 was 9,072 which is significantly higher than the 1996 fiscal year-end total of 3,314.

Non-gaming expenses increased from \$23.0 million in 1996 to \$48.8 million in 1997 or an increase of 111.9%. Non-gaming expenses comprise casino food and beverage operations and transportation operations.

General and administrative expenses amounted to \$85.0 million in 1997 as compared to \$26.1 million in 1996, an increase of \$59.0 million, due to the addition of two new casinos in the year.

Amortization expense of \$89.7 million in 1997 increased \$61.6 million from \$28.1 million in 1996 as a result of the continued addition of capital assets during the year. These include capital expenditures required for the completion of *Casino Rama* and *Casino Niagara*.

Interest expense increased from \$0.6 million in 1996 to \$10.3 million in 1997. The increase of \$9.7 million is attributable to the following items: a full year of interest was paid on the capital lease for the *Northern Belle Casino*; interest is being paid on a \$155-million non-revolving credit facility obtained to finance the construction of *Casino Rama*; and interest was also paid on \$34.5 million advanced by the operator of *Casino Rama*.

Net income improved 28% to \$393.0 million in 1997 from \$306.8 million in 1996 as a result of the record gaming revenues achieved in 1997.

Liquidity and Capital Resources

Cash generated from casino operations totalled \$528.1 million for the year ended March 31, 1997. This is an increase of \$167.2 million or 46% from the \$360.9 million generated from operations in 1996.

Distributions to the Province of Ontario were made from operating cash flow and amounted to \$364.4 million for the 1997 fiscal year. In fiscal 1996, the Corporation distributed \$177.0 million to the Province. In fiscal 1997, the Corporation distributed \$187.4



million more to the Province than in 1996, an increase of 106%. The Province of Ontario also received win tax from the Corporation of \$201.1 million in 1997 and \$115.5 million in 1996. This brings the total received by the Province from the Corporation's casino operations to \$565.5 million in 1997 as compared to \$292.5 million in 1996.

Fiscal 1997 was one of continuous development for the OCC. The Corporation completed major projects in Rama and Niagara Falls, and continued the ongoing development of the permanent Windsor casino complex. These development activities accounted for \$483 million of the Corporation's operating and financing cash flow and resulted in the investment in capital assets, pre-opening expenses and deferred charges.

With respect to the development of *Casino Rama*, the construction and opening costs were financed through a \$155-million bank loan bearing interest at

prime plus 1.5%, and through funds advanced by the casino operator in the amount of \$34.5 million, bearing interest at prime plus 1%. Debt service costs relating to the assets of the complex are funded from casino revenues. During the year, \$30.0 million of the bank loan was repaid from casino revenues.

In the initial stages of development, the Corporation advanced \$40.7 million to the Chippewas of Rama First Nation for start-up costs associated with the casino and related infrastructure expenses. In 1997, the advance was repaid to the OCC. The Corporation leases the property from the Chippewas of Rama and conducts and manages the gaming business consistent with its other commercial casinos. The casino operator, Carnival Hotels and Casinos, is responsible for day-to-day operations.

Construction of the permanent Windsor casino complex continued in 1997 and is now well past the halfway point. The Corporation and Windsor Casino Limited have cost-sharing agreements for the permanent casino complex whereby Windsor Casino Limited will finance 25% of project costs and the Corporation will finance the remaining 75%. Windsor Casino Limited has financed \$100 million, which bears interest at 4.5% per annum. Once Windsor Casino Limited has paid its 25% share of the project costs, the Corporation will be responsible for making the remaining project cost payments. This amount will be financed at terms and conditions to be determined. All financing for *Casino Windsor* will be repaid from casino revenues.

Project costs for *Casino Niagara* were financed through a \$145.6-million loan arranged through the Ontario Financing Authority bearing interest at 4.41% per annum and through the Corporation's surplus cash flow. During the year, interest payable of \$1.4 million was added to the principal amount of the loan, bringing the total payable to \$147.0 million.

The Corporation's management believes that existing cash balances, future operating cash flow and amounts available from lenders will be sufficient to meet future debt obligations and to complete the construction of the permanent Windsor casino complex.



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Annual Report 1997 - 1998

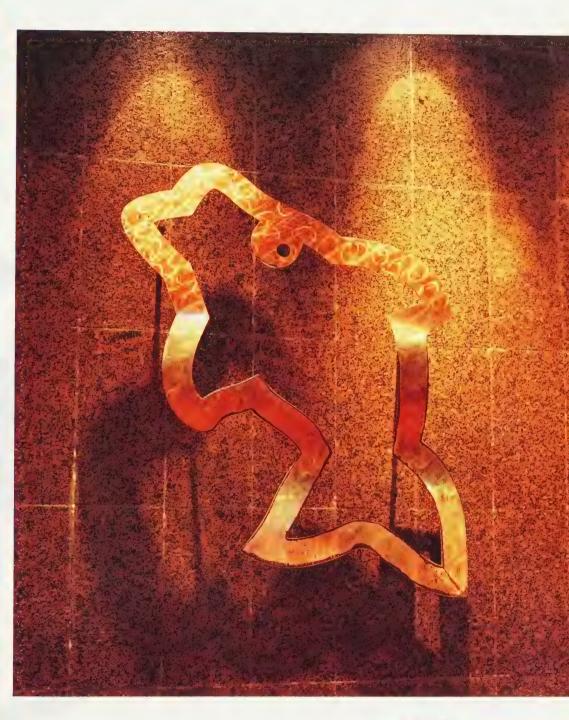
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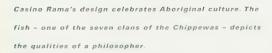
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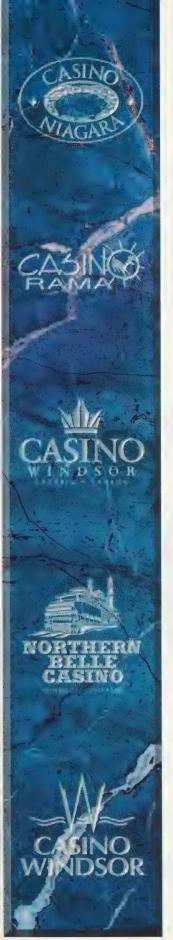
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Letter of Transmittal



A lush, tropical experience greets
visitors to the rotunda of the
permanent Casino Windsor complex.





September 1998

Honourable Chris Hodgson Chair of Management Board of Cabinet Ferguson Block Toronto, Ontario

Sir:

On behalf of the Board of Directors of the Ontario Casino Corporation, I have the honour to submit to you the Annual Report of the Corporation for the fiscal year ended March 31, 1998.

Respectfully submitted,

Brien Wood

Brian Wood
Former Chair
Board of Directors
Ontario Casino Corporation

This annual report pertains to the fiscal year of the Ontario Casino Corporation (OCC) ended March 31, 1998 — the fourth year of business for the Corporation.

The past 12 months have been highlighted by continued superior performance as well as significant development achievements. In the first full year that the Corporation has reported results for all four of its properties, OCC casinos have produced record revenues for the province.

The economic spinoffs created by casino operations have also increased. More Ontarians than ever before had jobs as a result of the Ontario casino initiative. In addition, a dramatic increase in visits to OCC casinos has had a substantial positive impact on our host communities — Niagara Falls, Rama and Windsor.

While the economic spinoffs from casinos may appear effortless, considerable time and resources are invested by each casino operator in maximizing benefits to respective host communities. As described elsewhere in this report, each casino operator works cooperatively with community and business leaders to develop joint marketing and promotions opportunities. Whenever possible, Ontario casinos hire local candidates and the majority of our suppliers are local.

The most notable development activities of fiscal 1998 included the completion of construction and preparations for the grand opening of the new permanent *Casino Windsor* complex and hotel;

exploration of various expansion options concerning *Casino Rama*; and the independent Selection Committee's decision on a preferred proponent to develop the Niagara Falls Casino/Gateway Project.

In Windsor, the all-new, gleaming, white and azure *Casino Windsor* will soon provide a new level of gaming excellence for our Michigan, Ohio and Ontario casino patrons. Building on the standard set by the interim *Casino Windsor* and the *Northern Belle Casino* riverboat, the new permanent casino complex will provide even more gaming options, exciting dining and entertainment experiences, and a quality hotel with four-star amenities. All of the interim casino employees will transfer to the new casino and the project will create another 1,200 new jobs for Windsor.

Our work with our partners, the Chippewas of Rama (Mnjikaning) and Carnival Hotels and Casinos, on the possible expansion of *Casino Rama* has challenged us to explore new options and plan strategically for the future. We are committed to ensuring that any expansion options will help the casino to continue to provide employment for thousands of people in the region and progressive economic opportunities to Aboriginal people, and that it remains the most successful commercial tourist attraction in Central Ontario for years to come. With its highly successful summer concert series, *Casino Rama* will continue to set the standard for live entertainment and excitement for casinos in Ontario.

We are currently negotiating the terms for the development of the Niagara Falls Casino/Gateway Project. Should an agreement be reached with the preferred proponent, Falls Management Company, development of this single greatest tourism project in the history of the Niagara Region will begin. The casino and related tourism components will assist the development of the Niagara Region as a worldclass holiday destination, and position the region as an international tourism gateway to Ontario. This new project will build on the accomplishments of the highly successful interim Casino Niagara an enormously popular entertainment option, which has lengthened visitors' stays, filled hotel rooms and attracted new visitors to this tourist mecca. In the future, nimbleness and the ability to position strategically will be key to the long-term competitiveness of Ontario's commercial casinos.

On behalf of my fellow board members, I would like to acknowledge the contribution of our casino operators — the Navegante Group (*Casino Niagara*), Carnival Hotels and Casinos (*Casino Rama*) and Windsor Casino Limited (*Casino Windsor*). Much of

the Corporation's success is the result of their expertise. Finally, it is my pleasure to thank the Corporation's small but tireless team of managers and staff for their dedication and expertise. The accomplishments of Ontario's casino industry are the envy of many jurisdictions and the standard for most.

Brien Wood

Brian Wood

Chair and Acting President

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The Ontario Casino Corporation was established by the Ontario Casino Corporation Act, 1993, and is a schedule II Crown agency of the Ontario government. It reports to the Chair of Management Board of Cabinet.

The Corporation represents the province in all matters concerning the management and operation of Ontario's commercial casinos. It ensures that its casinos - Casino Niagara, Casino Rama, Casino Windsor and the Northern Belle Casino riverboat are run efficiently, effectively and according to established standards of professionalism and customer service, and that they offer high-quality products and services. As a result, Ontario is one of the largest and most successful gaming jurisdictions in North America.

With a head office located in Toronto, the Corporation manages the commercial casinos in the city of Niagara Falls, in Windsor and on the Chippewas of Rama (Mnjikaning) First Nation lands near the town of Orillia.

The Corporation is committed to achieving the goals of the Ontario casino initiative:

- To act as a catalyst for community economic development.
- · To create jobs.
- · To promote the tourism and hospitality industry.
- · To establish a viable new industry.
- To generate revenue for the province.

The Corporation has contracted with privatesector operators to assist in the day-to-day operation of its casinos. The two interim Windsor casinos are operated by Windsor Casino Limited, which is owned by Caesar's World Inc. and Hilton Hotels Corporation. The interim casino in Niagara Falls is currently operated by the Navegante Group of Las Vegas.

Casino Rama is unique among the casino initiatives since it is operated on the lands of the Chippewas of Rama (Mnjikaning) First Nation. The operator is CHC Casinos Canada Limited, which is owned by CHC International, Inc. (Carnival Hotels and Casinos).

OLIAR TO CHIMER ON CASH -

Ontario's casinos have made a major contribution to the economy, both locally and provincially, by enhancing tourism opportunities and acting as a stimulus to economic development.

Though it is relatively new, Ontario's casino industry is recognized worldwide for its controlled and measured approach that maximizes economic spinoffs and minimizes potential downsides. However, prudence has not limited casino performance.

Casino Windsor is considered by many gaming analysts as the most profitable North American casino per square foot.

There are four commercial casinos in the province: interim *Casino Niagara* in Niagara Falls; *Casino Rama* near Orillia; interim *Casino Windsor* and the *Northern Belle Casino* in Windsor, and a permanent casino complex and hotel in Windsor that is scheduled to open in July 1998. Planning



continues toward a permanent casino and tourist development in Niagara Falls.

Niagara Falls is one of the most popular tourist destinations in Canada and, with four border crossings, is a main international arrival point. Yet, in the past, visitors have tended to stay only a few hours.

As a border city, Niagara Falls is vulnerable to the rise and fall of the Canadian dollar. During the last recession, the unemployment rate of more than 14% was one of the highest in the country, and the effect on the local economy was compounded by cross-border shopping.

The opening of *Casino Niagara* in December 1996 had an immediate impact on the local tourism industry. By the next month, hotel occupancy in Niagara Falls increased by 55% and room revenues were up almost 50% over the same period the previous year. This upward trend continued through fiscal 1998 and statistics showed an increase in the number of same-day cross-border car trips into Niagara Falls. The effect of the casino on the local economy was reflected in a significant jump in the number of single-family housing starts and other commercial developments.

Casino Rama is also situated in a popular tourist area, close to the town of Orillia, north of Toronto. Until the opening of the casino, which is built on the Chippewas of Rama (Mnjikaning) First Nation lands, the resort area was known primarily for its wealth of outdoor recreational activities. Since its opening in 1996, Casino Rama has become a popular tourist attraction.

With the creation of 2,500 jobs at the casino, Rama's unemployment rate has plummeted and this year Orillia experienced its largest annual increase in housing sales in 10 years. The local economy got a further boost when a Hollywood production company used *Casino Rama* as a film location in October, bringing in 100 production staff and hiring 150 people from the community as extras.

Building on the popularity of its gaming

experience, Casino Rama has initiated a series of summer concerts on-site. The concerts are held weekly from June to August in a tent pavilion that seats almost 3,000 people. Featuring international recording artists, the country, rock and pop concerts have become the most eagerly anticipated live entertainment event in Central Ontario and have dramatically increased the profile of both Rama and Orillia.

In the past, Windsor's economy has been heavily reliant on the automotive industry, which is strongly export driven. Boom times have historically been followed by severe recessions that closed factories and put thousands out of work. In the last recession, Windsor lost 13,000 jobs and had an unemployment rate of 14%.

Windsor has taken steps to end this boom-and-bust cycle by diversifying its economic base. The establishment of casinos in 1994 and 1995 in the city's downtown core has had a significant positive effect and today *Casino Windsor* and the *Northern Belle Casino* are the city's third-largest employer. Results are being seen in a revitalized tourism industry and a substantial increase in same-day cross-border car trips to Windsor since the casinos opened.

The casinos have contributed to the Windsor economy in other ways: 29 new businesses opened downtown and housing starts are up substantially. In December 1997, Standard and Poor's Canadian division predicted a decade of growth for Windsor. The U.S.-based bond rating agency projected job growth of 2% a year and 2,500 housing starts annually for the next 10 years.



PERMANENT CASINO WINDSOR

The magnificent permanent Casino Windsor, which opens in July 1998, is expected to attract more than 22,000 visitors a day, generating gross revenues of more than \$600 million in its first year of operation. With more than 5,000 employees, the casino complex and hotel will create 15,000 direct and indirect jobs in Ontario.

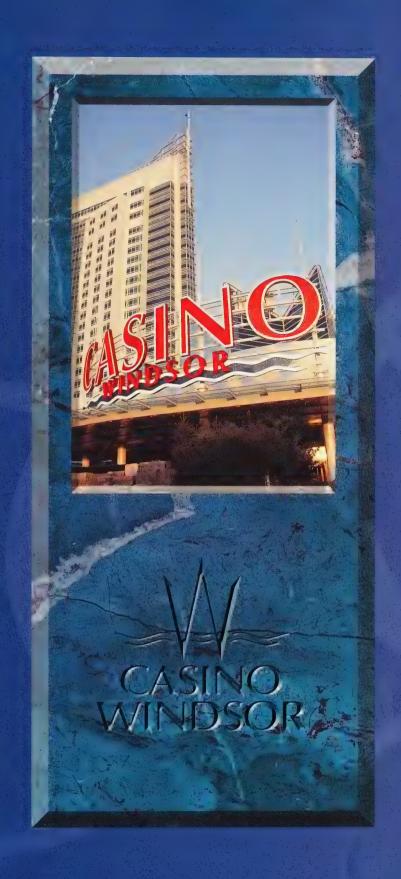
The casino has already significantly benefited Windsor's economy. It is the largest building project in the history of Windsor. Construction of the

facility has created more than 6,000 person-years of employment.

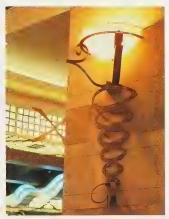
Situated on the Detroit River in Windsor's central business district, the striking white and azure casino and 23-storey hotel cover 1.2 million square feet. The complex was designed in keeping with the city's Waterfront Master Plan. The 12-acre site, which offers a spectacular view of the Detroit skyline, is fully landscaped with grassy slopes and trees.



In keeping with the casino's water motif, even the escalators at the new Casino Windsor "go with the flow".







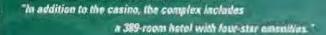
The complex uses water as a unifying motif, from its blue-glass facade to the streams flowing through its food court. Water is also used as a focal point in the rotunda, where a waterfall plunges 60 feet into a pool surrounded by rocks, tropical flowers and trees.

The casino comprises 100,000 square feet of gaming space on two levels. The first level features 111 table games and 2,000 slot machines, as well as a video poker bar equipped with a small stage, a projection screen and a semi-circular bar with stools. In addition, the Canadian Club offers

premium slot and table game areas and a private lounge that seats approximately 50.

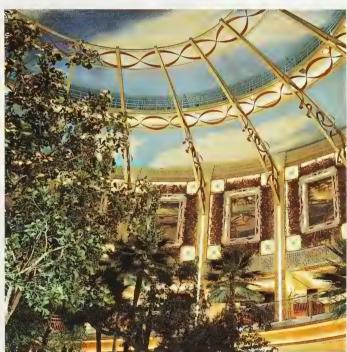
The second floor offers 946 slot machines, 24 table games and a sports bar. Function space on this floor includes an 11,000-square-foot, multi-purpose entertainment facility and meeting rooms.

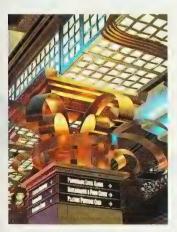
In addition to the casino, the complex includes a 389-room hotel with four-star amenities, a fine dining restaurant, tapas bar, food court and lounges, and a 3,000-car, seven-tier parking garage, connected to the complex by a skywalk.











Excitement flows in waves across the ceiling of the new Casino Windsor.

Interim Casino Windsor, which opened in down-town Windsor in 1994, offers 50,000 square feet of gaming space containing more than 70 table games and 1,800 slot machines. The casino features gaming for premium players in the Canadian Club Room and also includes a food court, bars and gift shop.

The Northern Belle Casino riverboat opened in 1995 to handle overcapacity crowds from Casino Windsor. Docked at the downtown riverfront, the 245-foot Mississippi-style paddlewheel boat provides gaming at 828 slot machines and 40 table games, and a premium players area. On land adjacent to the Northern Belle, an 18,000-square-foot facility houses food and retail areas.

The Northern Belle Casino will close shortly before the permanent Casino Windsor complex opens in July 1998. All of its 828 employees, with the exception of marine crew, will move to the permanent casino. The interim Casino Windsor is scheduled to close once the permanent casino complex opens.

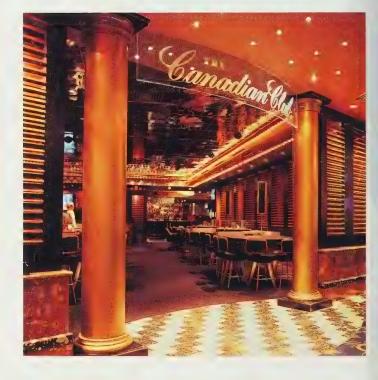
In fiscal 1998, the interim *Casino Windsor* generated gross gaming revenues of \$515.1 million, an increase of 10.4% over the prior year. Attendance continued to rise, with a daily average of 13,000 visitors, compared to 12,900 in fiscal 1997. *The Northern Belle Casino* generated gross revenues of \$181.9 million, an increase of 4.8% over the prior year.

In November 1997, a city-wide referendum asked whether the casino industry has had a positive impact on the economy. In response, 77% of Windsor residents said "yes." The two interim casinos employ approximately 3,600 people and have created 11,800 direct and indirect jobs in Ontario.

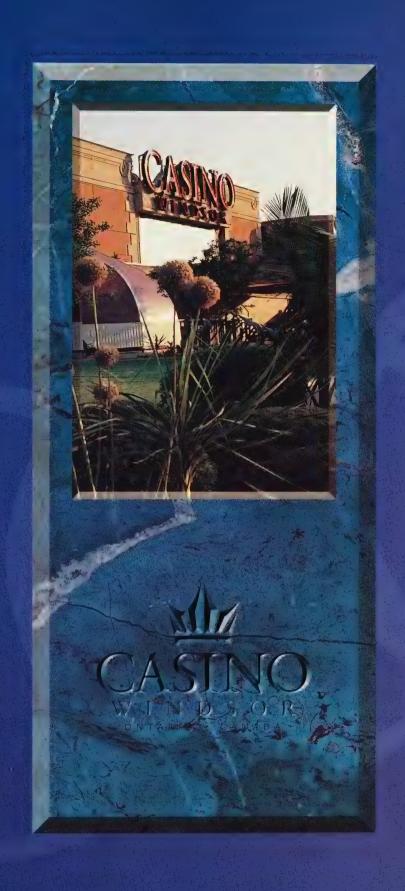
Fulfilling one of the objectives of the Ontario Casino Corporation, Casino Windsor and the Northern Belle Casino have had a major impact on the local tourism and hospitality industries. Since they opened in 1994 and 1995 respectively, the interim casinos have drawn more than 25 million visitors. There has also been a solid increase in the number of same-day cross-border car trips to

The handsomely appointed

Canadian Club for premium players.











The Northern Belle Casino riverboat brought millions of people to Windsor's downtown riverfront.

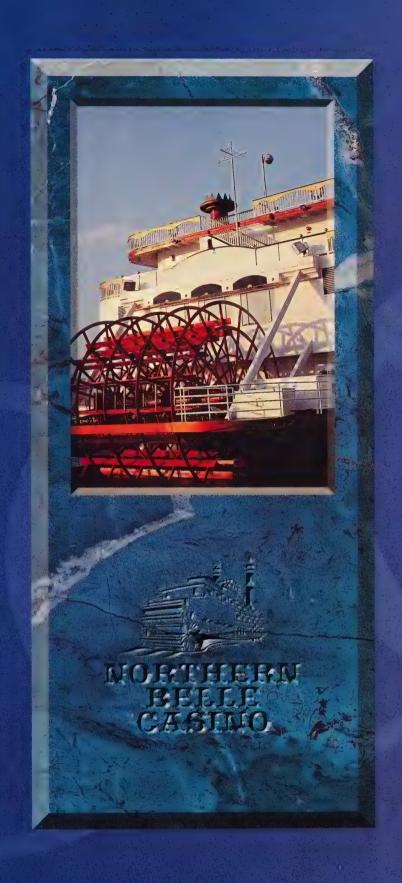
Windsor, from 1.35 million in 1993, prior to the casino's opening, to 2.31 million in 1997.

Both interim casinos have a commitment to stimulating growth in the local hospitality industry. In cooperation with local restaurateurs, *Casino Windsor* operates an Outside Restaurant Program. Designed to promote the city's fine dining restaurants, the program has provided complimentary fine dining for hundreds of casino patrons. The *Northern Belle Casino* participates in a community-corporate partnership. The riverboat's food service is operated by the City Centre Business Association and the Ontario Restaurant Association (Windsor) with proceeds shared by individual restaurateurs and the two associations. In addition, both casinos house tourist information kiosks, and the *Casino Windsor* web site

(www.casinowindsor.com) contains links to local hotels, restaurants and entertainment spots, as well as to local government sites.

Casino Windsor and the Northern Belle Casino are prominent contributors to the Windsor community; for example, donating to the Dream Weaver Campaign to build a cancer treatment centre in Windsor, and sponsoring the Hospice of Windsor annual celebrity golf tournament.

Casino Windsor and the Northern Belle Casino were recognized as official SuperHost Designated Properties by the Ontario Tourism Education Corporation and the Ontario Chamber of Commerce. To receive the designation, which signifies excellence in service and hospitality, 60% of a company's staff and 100% of management must successfully complete the Ontario SuperHost program.





CAS NO RAMA

Built on land owned by the Chippewas of Rama (Mnjikaning) First Nation, Casino Rama is designed to celebrate the culture and heritage of the Ojibway people. Outside, the walls of the casino feature 37,000 square feet of spectacular murals depicting Chippewa legends, stories and personalities. Inside the casino, aboriginal art is used to illustrate the history, life and heritage of the aboriginal community.

The casino complex offers 65,000 square feet of gaming with more than 2,200 slot machines and 110 table games. There are three restaurants, a lounge with live entertainment, bars and a gift shop.

Among Ontario's commercial casinos, *Casino Rama* is unique. It is the only commercial casino hosted by an Aboriginal community and it is located, not in a border city, but in the heart of Central Ontario's vacation country.

Casino Rama is the largest employer in Central Ontario and since its 1996 opening, it has had a significant impact on the local and regional economy. In an area where seasonal employment is the norm, it provides permanent year-round employment to more than 2,500 people. Rama's unemployment rate has been reduced from 80% to less than 10%. The First Nation also receives other direct benefits from the casino.

Average daily attendance was 11,200, up from 10,400 the previous year. The casino achieved a new

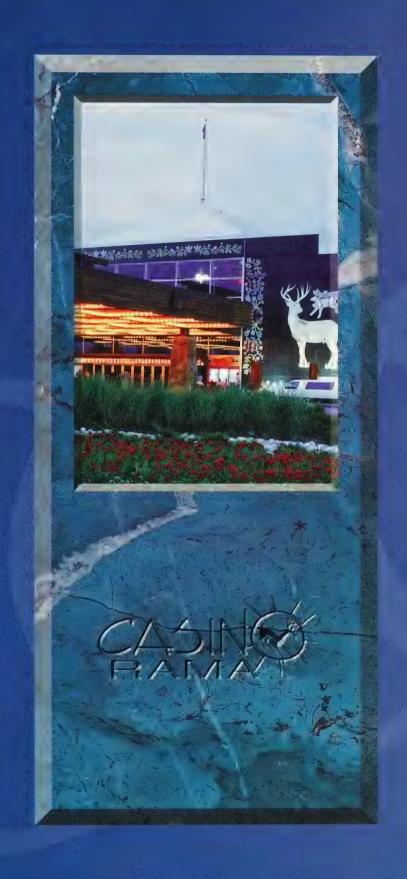
daily record of 140 buses and a monthly record of more than 500,000 visitors.

These high attendance figures demonstrate that the introduction of Casino Rama has resulted in a dramatic increase in the number of people visiting Central Ontario throughout the year. This is consistent with one of the objectives of Casino Rama-to enhance local economic development through increased tourism. In order to attract longer visitor stays to the area, Casino Rama has developed a variety of marketing initiatives in cooperation with the Community Casino Task Force. A volunteer committee of area organizations and associations, the goal of the task force is to maximize the casino's benefits and explore joint marketing opportunities. It has developed several initiatives, including distribution of a local retail coupon book to casino patrons; establishment of a tourism booth at the main entrance of the casino to provide information about attractions, accommodation and restaurants; formation of a local hotel association; and an advertising campaign designed to draw tourists to the area during the quiet winter months.

A survey carried out by the task force in the fall of 1997 found that one in four casino patrons is looking for other tourism activities and travel packages. To facilitate this, *Casino Rama* has become a founding partner of Lake Country, an organization that encompasses the resort centres of Barrie, Orillia,

Casino Rama is dressed in the colourful art of the Ojibway people.













Midland, Penetanguishene, Muskoka and Parry Sound.

Lake Country has gathered representatives from these areas into an umbrella group and, with the casino positioned as an anchor destination, it will enable the resort centres to promote themselves jointly to casino patrons. As a first step, Lake Country is selling memberships to businesses offering tourismoriented goods and services. The second phase will be the production of tourism guides and travel packages.

A major tourist draw for the casino this year was its new weekly summer concert series, inaugurated with the goal of attracting world-class entertainment. The concerts took place in a 3,000-seat tent pavilion, fully equipped with staging and sound systems. The pavilion – the largest in North America – is the size of almost three hockey rinks and was custombuilt in Germany. As part of its strategy to encourage longer visits, the casino scheduled the concerts for





Top-name entertainers drew sell-out crowds at the casino's hot new summer concert series.







Thursday nights so that visitors could spend the weekend in the area.

After an opening show that headlined popular performer Kenny Rogers, the 10-week series featured top international recording stars in a wide-ranging musical mix, including country, pop, nostalgia rock and roll, and adult contemporary. Attendance increased week after week, making the concerts the most eagerly anticipated live entertainment event in Central Ontario.

Casino Rama's contributions to the community are based on the medicine wheel and its four concepts of wellness: physical, mental, emotional and spiritual. Within these concepts, Casino Rama contributes to several initiatives, including kidney dialysis equipment and education programs (physical); National Aboriginal Achievement Awards (mental); the Native Women and Wellness conference (emotional); and Aboriginal Day events and pow-wows (spiritual).



Casino Niagara is located in Niagara Falls adjacent to the Canada-U.S. Rainbow Bridge. Extensively renovated to a 1920s colonial theme, its architectural and decorative features mirror those found throughout the Niagara Region: stone pillars, wrought iron accents, hanging vines and waterfalls. The architectural signature of Casino Niagara is located in the main foyer of the complex. Its courtyard-like atmosphere is enhanced by a three-

The night sky in the casino rotunda shimmers with thousands of sparkling white lights.

storey waterfall that cascades down rock facades. A mural of the sky painted on a high-dome ceiling comes alive with the use of lights and lasers that simulate the various stages of the day from sunrise to sunset.

The 240,000-square-foot complex offers 96,000 square feet of gaming, including 2,670 slot machines and more than 140 table games on two levels, the Baccarat Room for premium players, several restaurants, bars and lounges, and retail shops. *Casino Niagara's* fine dining restaurant, Farfalle, has received the American Automobile Association's prestigious four-diamond award for consistently providing a high level of service and

hospitality. The restaurant was also named in the 1998 issue of *Toronto's Fifty Best Restaurants*, a restaurant guide based on an extensive survey of CEOs, food critics and restaurateurs.

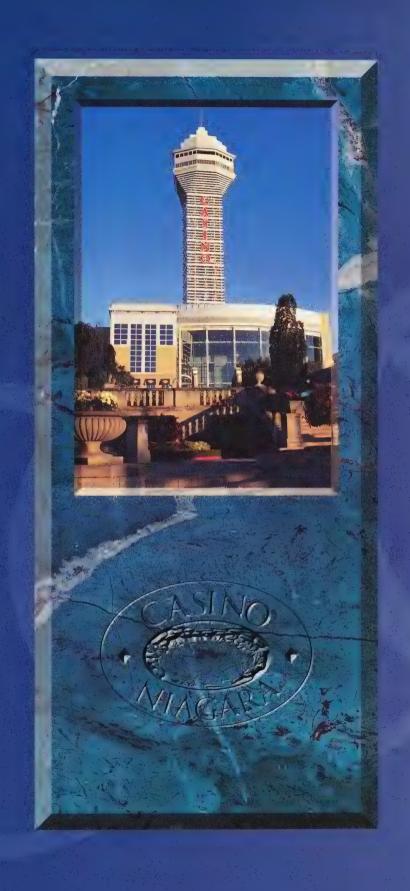
The interim *Casino Niagara* successfully completed its first full year of operation with gross gaming revenues of \$540 million. The casino attracted an average of 25,500 visitors a day.

A major employer in Niagara Falls with 3,600 employees, *Casino Niagara* has created more than 9,000 direct and indirect jobs in Ontario, 6,000 of them in the Niagara Region. With an operating budget of approximately \$20 million a month, the casino is a major purchaser of goods and services. The casino operator works closely with local entrepreneurs to help them develop the products and services the casino requires.

The casino has also become a catalyst in the creation of new jobs, especially in the hospitality and tourism sector. According to Royal Bank figures from 1990 to 1995, there were only two new developments valued at more than \$2 million in the Niagara Region. Since 1996, 43 projects, including hotels, restaurants, factory outlet malls and a golf course, have been proposed.

Consistent with the Ontario Casino Corporation's objectives, *Casino Niagara* is bringing an estimated \$1.3 billion dollars of new economic activity annually to the province, both through casino activities and from an increased number of tourists.

In 1997, some 3.8 million cars made same-day cross-border visits to Niagara Falls, Canada, an increase of 21.9% over 1996. Monthly hotel revenue increased between 20% and 48% per quarter during the same period. The Niagara Falls Canada Visitor and Convention Bureau found telephone inquiries jumped 165% over 1996, and in the peak month of June the number of requests for information packages increased by 168%. During the year, Casino Niagara and the visitor bureau





Water dances with light along one of Casino Niagara's waterfalls.

launched a Casino Priority Access Program designed to extend the average length of stay of tourists in the Niagara Region. The local hotel industry and *Casino Niagara* are continuously working together to develop programming to encourage off-season mid-week visitation.

The casino also acts as a stimulus to tourism in more direct ways. The casino's Internet site (www.casinoniagara.com) is hotlinked to more than 750 attractions, accommodations and dining establishments in the Niagara Region. During fiscal 1998, the address received approximately two million hits. Inside the casino, a prominently located tourist information kiosk provides information about the city, region and province to casino patrons.

It is Casino Niagara's policy to exercise responsible corporate citizenship and foster community development. In recognition of its efforts, the Chamber of Commerce honoured the casino with its first Community Partnership Award. The award recognized the casino's contribution to the general welfare of the community. As part of this contribution this year, Casino Niagara made a substantial donation



to the Breakthrough Healthcare Campaign for the purchase of a Magnetic Resonance Imaging Scanner. Operating out of St. Catharines General Hospital, the scanner will serve the Niagara Region.

NIAGARA FAIR CASTIO/GATEWAY PROJECT

While the interim Casino Niagara continued to generate significant economic and tourism benefits for the Niagara Region and the province of Ontario in fiscal 1998, a major focus of the Ontario Casino Corporation was the Niagara Falls Casino/Gateway Project.

The project is fundamental to the government's strategic development of tourism as a key driver of the economy in Niagara Falls and the surrounding region. The project's ultimate goal is to assist in transforming the region into a unique, first-class, year-round tourist destination. It combines a casino with a new tourism development.

The selection process for the Niagara Falls Casino/Gateway Project began in September 1996 with a Request for Proposals (RFP). The RFP invited proposals from the private sector to design, finance, construct and operate a permanent casino complex in the city of Niagara Falls and one or more tourist attractors in the Niagara Region. The Ontario Casino Corporation issued a Request for Offers to identify sites for the casino complex in the city of Niagara Falls, those eligible sites being noted in the RFP. By the submission deadline of March 13, 1997, the Corporation had received four proposals.

The Corporation had established an independent selection committee to review the proposals and select the one that best met the objectives of the project. Members of the committee were two assistant deputy ministers with tourism and finance and administration experience; two members of the Ontario Casino Corporation's Board of Directors having legal and business experience; and a tourism expert. Experts in casino and tourism design, operations and management assisted the committee, and a Review Panel helped ensure that the evaluation process was fair and based on expert advice.

The committee reported its recommended selection to the Ontario Casino Corporation's Board of Directors, which approved the recommendation. Following this, the Corporation reported to the Minister of Economic Development, Trade and Tourism that the selection had been made and approved by the Board of Directors.

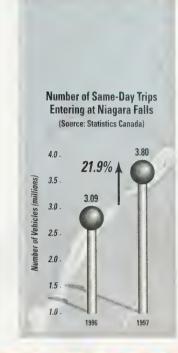
In February 1998, the Minister of Economic Development, Trade and Tourism, the Honourable Al Palladini, announced that Falls Management Company had been selected as the preferred proponent to develop the Niagara Falls Casino/Gateway Project.

The Corporation immediately began negotiations with the preferred proponent regarding necessary business agreements. Should the negotiations conclude successfully, Falls Management Company will also assume responsibility for

operating the interim Casino Niagara.

Falls Management Company has proposed a 100,000-square-foot casino, a 350-room hotel, 72,000 square feet of meeting and exhibition space, a world-class retail mall and a 50,000-square-foot indoor theme park in the city of Niagara Falls with state-of-the-art virtual-reality rides. The proposal also features a contribution to and participation in the people-mover system currently being planned by the city.

In addition, the consortium proposes to build a 12,000-seat amphitheatre and entertainment venue, and to develop River Country, a major addition to the existing Marineland.





The majority of patrons enjoy the casino experience for its excitement, entertainment and good service. For a minority, however, gaming can become a problem. In response, the Ontario Casino Corporation has taken a proactive approach to compulsive gambling that complements and promotes the government's own initiatives.

The Corporation requires each of its casinos to implement a proactive problem gambling program. Working with professional and volunteer agencies, including the Canadian Foundation on Compulsive Gambling (CFCG), casino operators have developed policies to raise the awareness of employees, patrons and the community.

To raise awareness on their premises, casino operators produce educational materials directed at patrons. They also post the phone number of the Ministry of Health's toll-free line for those seeking information or counselling on addictions. In addition, the CFCG and other agencies conduct employee training programs that teach staff the signs of problem gambling, and provide information about intervention and referral.

Outside the casino, operators use advertising to raise awareness and deter young gamblers. In Rama, the casino's responsible gambling program has included community awareness seminars for participants from social service agencies, law enforcement agencies, financial institutions, educators and human resources departments throughout the region.

The Ontario Casino Corporation has also affirmed its commitment to reducing risks and protecting the environment by developing a comprehensive Environmental Management System (EMS).

The EMS provides risk analysis and reduction in all construction projects and day-to-day operations. Its essential elements include assessment of risks, determination of environmental objectives and targets, identification of processes and procedures for record-keeping and tracking, provision of regular monitoring and periodic external audits, staff training, and disciplinary action or penalties for violators.



The Ontario Casino Corporation recognizes that the potential for increased crime exists wherever large numbers of people gather. Safety and security are of paramount importance to ensure the confidence and comfort of casino patrons and the local community.

Working together with law enforcement agencies at all levels and each casino operator, the Corporation ensures that safety measures are in place and visible inside and outside its casinos. Each casino operator maintains uniformed and non-uniformed security staff on the premises,

carries out stringent internal controls and monitors staff and patron activities by means of sophisticated closed-circuit video systems.

A key partner in ensuring security is the Alcohol and Gaming Commission of Ontario (AGCO) which works closely with other Canadian law enforcement agencies and has signed agreements with many U.S. and international gaming jurisdictions, allowing access to their records.

Through an Ontario Provincial Police (OPP) contingent that has been seconded to it, the AGCO maintains a full-time police presence on casino premises. The police officers are responsible for detecting criminal activity, developing intelligence information as it relates to known gaming cheats and liaising with local, national and international enforcement agencies and gaming regulators.

The AGCO conducts background investigations to ensure the integrity and honesty of casino employees and suppliers. It also photographs, fingerprints, interviews and screens for criminal activity all potential employees who may have access to the gaming floor.

The Ontario Casino Corporation's concern for safety and security goes beyond the casino premises. The Windsor and Niagara casinos each fund, from their revenues, 25 police officers to patrol their neighbourhoods. *Casino Rama* provides for 11 police officers to patrol the Chippewas of Rama (Mnjikaning) First Nation lands, and 14 OPP officers are assigned to Simcoe County.







Management of the Corporation is responsible for the preparation of the financial statements and all other information included in this report. This responsibility includes the selection of appropriate accounting principles as well as making informed judgements and estimates in accordance with generally accepted accounting principles.

The Corporation maintains an appropriate system of internal control to provide reasonable assurance that relevant and reliable financial statements are produced and that Corporation assets are properly safeguarded. KPMG, the Corporation's independent auditors appointed by the Board of Directors, are responsible for auditing the financial statements. Their report outlines the scope of their examination and their opinion on the financial statements.

The financial statements have been reviewed and approved by the Board of Directors and its Audit Committee. This Committee meets from time to time with management and the auditors who have direct access to the Committee.

Brian Wood

Acting President

Brin Wood

Paul Micucci

Chief Financial Officer

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Toronto, Canada

To the Board of Directors of the Ontario Casino Corporation/Société des casinos de l'Ontario and the Chair of Management Board of Cabinet

We have audited the balance sheet of the Ontario Casino Corporation/Société des casinos de l'Ontario as at March 31, 1998 and the statements of income, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

KPMG

Toronto, Canada June 25, 1998

Balance Sheet (In thousands of dollars)

March 31, 1998, with comparative figures for 1997

Assets	1998	1997
Current assets:		
Cash and short-term investments (note 2)	\$ 391,348	\$ 203,271
Accounts receivable	10,503	9,290
Inventories	4,042	3,511
Prepaid expenditures and other	6,483	8,195
	412,376	224,267
Capital assets (note 3)	675,341	477,855
Pre-opening expenditures (note 4)	23,877	46,140
Deferred charges (note 5)	23,152	31,692
	\$ 1,134,746	\$ 779,954
Liabilities and Provincial Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 148,276	\$ 81,675
Due to Windsor Casino Limited (note 13)	94,924	94,924
Due to Operators (note 11)	33,876	35,404
Current portion of long-term debt (note 6)	50,572	208,307
	327,648	420,310
Long-term debt (note 6)	24,013	98,170
Provincial equity:		
Retained earnings	728,431	222,995
Reserves (note 2)	54,654	38,479
	783,085	261,474
Commitments and contingencies (notes 11, 12 and 13)		
Subsequent events (note 14)		
	\$ 1,134,746	\$ 779,954

See accompanying notes to financial statements.

Sharon Paul

On behalf of the Board:

Sharon Paul, Director

Joanne DeLaurentiis, Director

Hamenis

	1998	1997
Revenues:		
Gaming	\$ 1,645,001	\$ 1,005,323
Non-gaming	140,115	80,704
Investment income	5,556	3,046
	1,790,672	1,089,073
Less promotional allowances	62,540	25,299
	1,728,132	1,063,774
Costs and expenses:		
Gaming:		
Win tax (note 8)	328,946	201,065
Operations	287,895	152,996
	616,841	354,061
Non-gaming	81,393	48,762
Operators' fees (note 11)	67,541	50,375
General and administrative	141,421	85,036
Amortization	119,973	89,673
Lease and rental	21,141	16,799
Interest	10,604	10,297
Other	40,619	15,775
	1,099,533	670,778
Net income	\$ 628,599	\$ 392,996

See accompanying notes to financial statements.

Statement of Income (In thousands of dollars)

Year ended March 31, 1998, with comparative figures for 1997

Statement of Retained Earnings (In thousands of dollars)

Year ended March 31, 1998, with comparative figures for 1997

	1998	1997
Retained earnings, beginning of year	\$ 222,995	\$ 206,611
Net income	628,599	392,996
Distributions to the Province of Ontario	(106,988)	(364,402)
Transfers from (to) reserves, net:		
Capital renewals reserve	(5,188)	(15,334)
Operating reserve	(8,732)	4,238
Severance reserve	(2,255)	(2,201)
Gaming creditor reserve	-	1,087
	(16,175)	(12,210)
Retained earnings, end of year	\$ 728,431	\$ 222,995

See accompanying notes to financial statements.

	1998	1997
Cash provided by (used in):		
Operations:		
Net income	\$ 628,599	\$ 392,996
Amortization which does not involve cash	119,973	89,673
Changes in non-cash operating working capital	74,959	45,393
	823,531	528,062
Financing:		
Repayment of advances for Casino Rama development	-	40,762
Obligations under capital leases	(9,918)	(11,992)
Funds advanced by:		
Windsor Casino Limited	-	93,663
Ontario Finance Authority	_	146,990
CHC Casinos Canada Limited	-	34,487
Repayments to Ontario Financing Authority	(146,990)	-
Deferred lease costs	3,520	4,990
Proceeds from long-term debt	_	155,000
Repayments of long-term debt	(85,911)	(30,000)
Unrealized foreign exchange loss	1,009	ALL
	(238,290)	433,900
Investing:		
Acquisition of capital assets	(289,504)	(397,939)
Pre-opening expenditures	end	(53,198)
Deferred charges	(876)	(31,611)
Proceeds on disposal	204	-
	(290,176)	(482,748)
Other:		
Distributions to Province of Ontario	(106,988)	(364,402)
Increase in cash	188,077	114,812
Cash, beginning of year	203,271	88,459
Cash, end of year	\$ 391,348	\$ 203,271

Statement of Changes in Financial Position (In thousands of dollars)

Year ended March 31, 1998, with comparative figures for 1997

Cash is defined as cash and short-term investments.

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended
March 31, 1998
(Tabular amounts in thousands of dollars)

The Ontario Casino Corporation/Société des casinos de l'Ontario (the "Corporation") is a Crown agency of the Ontario government and is responsible for conducting and managing Ontario's four commercial casinos. The Corporation commenced active operations on April 1, 1994 and presently operates the following casinos:

Casinos	Commencement
	of Operations
Interim Casino Windsor	May 17, 1994
Northern Belle Riverboat Casino	December 13, 1995
Casino Rama	July 31, 1996
Casino Niagara	December 9, 1996

These financial statements include the assets, liabilities and results of operations of the Corporation and each of the casinos.

The Corporation is currently constructing a casino/hotel resort in Windsor, Ontario. This will be Ontario's first casino with on-site hotel accommodations and full entertainment facilities. This permanent casino is scheduled to open in the second quarter of fiscal 1998/1999 (note 13).

1. Significant accounting policies

(a) Gaming revenue and promotional allowances:

Gaming revenue represents the net win from gaming activities, which is the difference between amounts earned through winnings and payouts by the casino. The retail value of accommodation, food, beverage and other items provided on a complimentary basis to customers has been included in non-gaming revenues and a corresponding amount has been deducted as promotional allowances. Costs of providing promotional allowances have been included in non-gaming costs and expenses.

(b) Inventories:

Inventories are stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets are stated at cost. Amortization is provided using the following methods and annual rates:

Building	Straight-line
	over ten years
Furniture, fixtures	Straight-line over
and equipment	three to seven years
Leased assets and	Straight-line over
leasehold improvements	the term of the lease

Capital assets are amortized upon the commencement of operations.

Interest on debt to finance major additions to capital assets is capitalized until the commencement of operations. The interest cost is determined using the interest rate on incremental debt incurred by the Corporation to finance these capital assets. Interest capitalized is amortized over the same period as the related asset.

(d) Pre-opening expenditures:

Certain expenditures, consisting of compensation, consulting and other costs incurred in connection with the development and opening of casinos, are deferred and amortized over periods ranging from one to three years.

(e) Deferred charges:

Deferred charges include deferred lease costs and other deferred charges.

(i) Deferred lease costs:

Aggregate expenditures in connection with leased assets and the benefit from lease inducements are amortized evenly over the term of the lease.

(ii) Other deferred charges:

Other deferred charges consist primarily of financing fees and assets contributed to the Chippewas of Rama in accordance with the development and operating agreement relating to this property. Deferred financing fees are amortized over a period of three years. Assets contributed to the Chippewas of Rama consisting primarily of funding for the construction of a community centre, senior centre and certain infrastructure facilities are amortized over the term of the related development and operating agreement.

(f) Foreign currency translation:

Monetary assets and liabilities are translated at the yearend exchange rates. Statement of income items are translated at the rate of exchange in effect at the transaction date. Translation gains and losses are included in income in the period in which they arise.

(g) Concentration of credit risk:

The Corporation has financial instruments that potentially expose it to a concentration of credit risk. The instruments consist of cash and short-term investments and accounts receivable. Cash balances consist of deposits with major commercial banks. Short-term investments are placed with high quality financial institutions. Accounts receivable includes credit provided to patrons in the normal course of business. Ongoing credit evaluations are performed for each of the casino patrons of each of the casinos and, where appropriate, reserves have been maintained for potential credit losses, which when realized, have been within the range of expectations.

(h) Financial instruments:

The Corporation determines the fair value of the financial instruments based on discounted cash flow analyses.

The fair value amounts for cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, due to Windsor Casino Limited, due to operators and current portion of long-term debt, approximate carrying amounts due to the short maturities of these instruments.

The fair value of the long-term debt approximates carrying value and is calculated by discounting future cash flows using rates currently available for debt of similar terms and maturity.

(i) Derivative financial instruments:

The Corporation is party to certain derivative financial instruments, principally interest rate swap contracts, used to manage its exposure to interest rate fluctuations. These instruments are not recognized in the financial statements of the Corporation on inception. Payments and receipts under the interest rate swap contracts are recognized as adjustments to interest expense on long-term debt.

(j) Use of estimates:

Management of the Corporation has made a number of

estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

2. Cash and short-term investments:

(a) Cash and short-term investments include the below noted amounts that are held in separate bank accounts:

		1998	1997
Capital renewals reserve	\$	26,303	\$ 21,115
Operating reserve		19,494	10,762
Severance reserve		8,857	6,602
***************************************		54,654	 38,479
Cash held for the establishmen	ıt		
of a First Nations Fund		84,197	-
	\$	138,851	\$ 38,479

(b) Cash reserves:

The Corporation has established cash reserves in accordance with various operating agreements for the following purposes:

- Capital renewals reserve for capital asset additions other than normal repairs or major improvements.
- Operating reserve to satisfy specified obligations in the event that revenue will be insufficient to meet such obligations.
- Severance reserve to satisfy certain obligations of the Corporation arising from termination or layoff of employees of an operator in connection with the termination of the operator.

(c) Cash held for the establishment of a First Nations Fund:

In early 1996, formal negotiations commenced between the First Nations of Ontario and the Province of Ontario to establish and administer a First Nations Fund into which all excess cash flow from *Casino Rama* will be distributed. Pending the establishment of a fund and an agreement between the Corporation and fund administrators agreed to by the Minister of Finance, the Corporation will hold these funds in a noncommingled investment account.

Notes to Financial Statements

Year ended March 31, 1998 (Tabular amounts in thousands of dollars)

Notes to Financial Statements

Year ended
March 31, 1998
(Tabular amounts in
thousands of dollars)

3. Capital assets:

	 		***************************************		1998		1997
	 	Ac	cumulated	Net	carrying	Net	carrying
	Cost	aı	nortization		amount	***********	amount
Land	\$ 59,863	\$	-	\$	59,863	\$	59,863
Building	69,718		20,715		49,003		53,090
Furniture, fixtures and							
equipment	202,243		106,029		96,214		120,800
Asset under capital lease	32,703		24,240		8,463		19,277
Construction in progress	369,865		400		369,865		115,336
Leasehold improvements	132,872		40,939		91,933	************	109,489
***************************************	\$ 867,264	\$	191,923	\$	675,341	\$	477,855

During the year, the Corporation capitalized interest amounting to approximately \$4,510,000 (1997 - \$4,417,000).

4. Pre-opening expenditures:

Pre-opening expenditures consist of:

	1998	1997
Salaries, wages and benefits	\$ 34,216	\$ 34,216
Consulting and technical services	9,113	9,113
Marketing	11,049	11,049
General, administrative and other	13,932	13,932
Interest	727	727
	69,037	69,037
Accumulated amortization	 45,160	 22,897
	\$ 23,877	\$ 46,140

5. Deferred charges:

••••						1998		1997
***************************************	v o o o o o o o o o o o o o o o o o o o		Acc	cumulated	Net	Carrying	Net	Carrying
		Cost	An	nortization		Amount		Amount
Assets contributed to the								
Chippewas of Rama	\$	25,655	\$	4,264	\$	21,391	\$	23,672
Deferred financing fees								
and lease costs		15,837		14,076		1,761		8,020
	\$	41,492	\$	18,340	\$	23,152	\$	31,692

6. Long-term debt:

		1998		1997
Loan payable to the Ontario			******************************	*****************
Finance Authority	\$	-	\$	146,990
Bank loan	4	14,346		125,000
Advance from CHC Casinos Canada Limited	3	30,239		34,487
	7	4,585		306,477
Less current portion	5	50,572		208,307
	\$ 2		\$	98,170

(a) Loan payable to the Ontario Finance Authority:

The loan for \$146,990,000 payable to the Ontario Finance Authority bearing interest at 4.41% was repaid during the year.

(b) Bank loan:

A bank loan of \$155,000,000 under a non-revolving credit facility in favour of Casino Rama Inc. was obtained to finance the development of *Casino Rama*. The bank loan bears interest at rates ranging from bank prime to bank prime plus 1.5%. The bank loan is being repaid with monthly instalments of \$3,333,333 and quarterly payments equal to excess cash flow as that term is defined in the related lending agreements. The bank loan matures July 1, 2000. However, based on management's estimate of excess cash flow payments, the credit facility is estimated to be fully repaid during fiscal 1998/1999.

As security for the funds advanced under the bank loan, Casino Rama Inc. has granted a first-ranking charge in favour of the lender over all assets financed by the lender (with the exception of the community and off-site infrastructure facilities), and CHC Casinos Canada Limited, the operator, has pledged all of its rights under the development and operating agreement for this casino in favour of the lender.

(c) Advance from CHC Casinos Canada Limited:

CHC Casinos Canada Limited, the operator of *Casino Rama*, advanced U.S. \$25,000,000 toward the development of the casino. The advance bears interest at bank prime plus 1% per annum. The outstanding balance as of March 31, 1998

amounted to U.S.\$21,250,000 (1997 - U.S.\$25,000,000). The operator is entitled to quarterly repayments based on a formula contained in the development and operating agreement for this casino.

The advance from the operator is repayable in U.S. dollars and is, therefore, exposed to foreign currency fluctuations. Casino Rama has not entered into any foreign exchange contracts to minimize the exposure to foreign currency fluctuations.

(d) The principal repayments of the long-term debt expected to be made over the next four years are approximately as follows:

Year ending March 31:		
1999	\$ 50,572	
2000	8,894	
2001	8,894	
2002	6,225	

(e) Interest rate risk:

Casino Rama entered into an interest rate swap contract with an original notional principal of \$115,000,000, which matures on October 1, 1998. The balance under the contract at March 31, 1998 amounted to \$45,000,000 (1997 - \$112,000,000). The contract entitles Casino Rama to receive interest at floating rates on the notional principal amount and obliges it to pay interest at a fixed rate of 5.59%. The interest rate risk exposure is limited to the net differential, which is minimal.

Notes to Financial Statements

Year ended
March 31, 1998
(Tabular amounts in
thousands of dollars)

Notes to Financial Statements

Year ended
March 31, 1998
(Tabular amounts in
thousands of dollars)

7. Obligations under leases:

The Corporation is committed to rental payments for its leased premises and equipment under leases, expiring up to 2006. Future minimum annual lease payments are as follows:

Operating leases		
Year ending March 31:	1999	\$ 7,162
	2000	5,913
	2001	3,880
	2002	3,922
	2003	3,535
	Thereafter	10,500
Total minimum lease payments		\$ 34,912

8. Win tax:

The Corporation remits win tax to the Province of Ontario weekly. This tax amounts to 20% of gross gaming revenue.

9. Corporate head office expenses:

Included in costs and expenses are the expenses of the Corporation's head office as follows:

	1998	1997
Salaries, wages and benefits	\$ 1,012	\$ 1,259
Transportation and communication	535	330
Purchased services	3,853	1,659
Amortization	277	222
Other	964	739
	6,641	4,209
Less amounts recoverable from Casino Rama	900	900
	\$ 5,741	\$ 3,309

10. Pension plans:

The operators of the casinos have created defined contribution pension plans for their salaried, hourly and executive employees. The casinos are required to contribute 2% of an employee's base earnings under the salaried and hourly pension plans and 3% of an employee's base earnings under the executive pension plans. Employee basic contributions of up to 2% of base earnings under the hourly pension plans and up to 3% of base earnings for the salaried and executive pension plans are permitted. Employee basic contributions are matched by the casinos. Employee voluntary contributions of up to 12% of base earnings under the hourly pension plans, up to 10% of base earnings under the salaried pension plans

and up to 9% of base earnings under the executive pension plans are permitted. The pension expense for the year amounted to \$9,196,640 (1997 - \$2,953,000).

11. Related party transactions:

- (a) Under the terms of the development and operating agreements for each of the casinos, the operator is entitled to receive an operator's fee calculated as a percentage of gross revenues (or gross operating receipts, in the case of *Casino Windsor*) and a percentage of net operating margin, both as defined in each of the related development and operating agreements.
 - (b) Under the terms of the development and operat-

ing agreement for Casino Rama, the Chippewas of Rama receive an annual fee of \$4,500,000, adjusted for inflation each year, relating to development and ongoing operating services.

12. Contingencies:

- (a) The Corporation is from time to time involved in various legal proceedings of a character normally incident to its business. The Corporation believes that the outcome of these outstanding claims will not have a material impact on these financial statements. Settlements, if any, concerning these contingencies will be accounted for as a charge to the statement of income in the period in which the settlement occurs.
- (b) The lease agreement between the Corporation and the Art Gallery of Windsor for the interim casino complex provides for the restoration of the building to an art gallery to be paid for by the Corporation. The nature and expected costs of this restoration are not determinable at this time. Accordingly, no accrual for these costs has been provided for in the financial statements.
- (c) The Corporation has accounted for Goods and Services Tax in accordance with arrangements orally agreed upon between the Corporation and the federal government. Draft regulations released January 30, 1998 are intended to codify the agreements reached between the federal government and the provincial lottery and casino corporations. The Corporation, together with other interested parties, has reviewed the draft regulations and has recommended changes thereto. Adjustments, if any, will be accounted for during the period when the draft regulations are promulgated by the federal government.

13. Commitments:

The Corporation's permanent casino facility currently under construction in Windsor is budgeted to cost \$505,000,000. The Corporation and the operator of the casino entered into agreements for the development and operation of the permanent casino. Under the terms of the development and cost-sharing agreement, the total project costs will be financed

up to 25% by the operator and the remainder by the Corporation. The amount financed by the operator is repayable by the Corporation over the term of the operating agreement of the casino or earlier, depending on certain conditions contained in the operating agreement. Interest is calculated at 4.5% per annum compounded monthly until the opening date of the permanent casino and 10% per annum compounded monthly thereafter.

In connection with the acquisition of the land site for the permanent casino, the Corporation has agreed to provide the City of Windsor (the "City") with a fixed return over 20 years in the amount of \$2,600,000 per annum for the first 10 years and \$3,000,000 per annum for the last ten years. Payments to the City are to commence May 1, 1998. In addition, the Corporation is obligated to cause riverfront improvements to be constructed for approximately \$2,000,000 and to reimburse the City for the Corporation's share of certain infrastructure costs, which are expected to range from \$8,000,000 to \$16,000,000.

14. Subsequent events:

- (a) The Corporation is currently involved in negotiations with the preferred proponent selected under the Request for Proposals to develop and operate the Niagara Falls Casino/Gateway Project in Niagara Falls, Ontario.
- (b) Subsequent to year end, the Corporation announced its intention to exercise its lease termination option with respect to the *Northern Belle Casino* riverboat. As a result, the riverboat casino will cease operations on July 15, 1998. Under the terms of the lease agreement the Corporation is entitled to a rebate payment of U.S. \$4,900,000, which approximates the residual value of the riverboat at the end of the lease.

15. Reclassification:

Certain of the 1997 figures presented for comparative purposes have been reclassified to conform with the current year's presentation.

Notes to Financial Statements

Year ended
March 31, 1998
(Tabular amounts in thousands of dollars)

Management
Discussion and
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Financial Condition
and Results of
Operations

Results of Operations

The Ontario Casino Corporation achieved record results in fiscal 1998. Net income of \$628.6 million increased \$235.6 million or 60% from last year's level of \$393.0 million.

Fiscal 1998 marked the first year in which the Corporation operated all four of its casinos for a full 12 months. The previous year's financial statements reflect only four months of operations for Casino Niagara, eight months of operations for Casino Rama and 12 months of operations for Casino Windsor and the Northern Belle Casino. The number of patron visits increased to 20.4 million in 1998 from 11.7 million in 1997 as a result. This translates into a 74% increase in visitations in the current year, which had the following financial impact on current year results:

- Gaming revenues of \$1.64 billion were achieved in 1998, an increase of \$640 million from the prior year level of \$1.0 billion. Strong slot revenues drove the result, increasing from \$698 million in 1997 to \$1.2 billion in 1998. Table game revenues increased from \$307 million in 1997 to \$464 million in 1998.
- Gaming revenues achieved by each casino were as follows:

	1998	1997
Casino Windsor and		
Northern Belle Casino	\$697m	\$640m
Casino Rama	\$408m	\$223m
Casino Niagara	\$540m	\$142m

 Non-gaming revenues also increased in fiscal 1998 to \$140.1 million from \$80.7 million in 1997, an increase of \$59.4 million or 74%. Non-gaming revenues include casino food and beverage sales, transportation operations and foreign exchange transactions.

- Promotional allowances increased to \$62.5 million in 1998, an increase of \$37.2 million from 1997. Promotional allowances increased from 2.5% of gaming revenues in 1997 to 3.8% of gaming revenues in 1998. The increase is the result of developing and expanding the customer base at each property. Promotional allowances represent the retail value of accommodation, food and beverage furnished at no cost to patrons.
- Win tax, which is paid to the Province of Ontario and is equal to 20% of the gross gaming revenues generated from commercial casino operations in Ontario, totalled \$328.9 million in 1998 as compared to \$201.1 million in 1997.
- Gaming operating costs increased to \$287.9 million in 1998 from \$153.0 million in 1997, an increase of \$134.9 million or 88%.
- Non-gaming expenses increased from \$48.8 million in 1997 to \$81.4 million in 1998, an increase of \$32.6 million or 67%.
- General and administrative expenses were \$141.4 million in 1998, an increase of \$56.4 million from the prior year level of \$85.0 million. General and administrative expenses remained consistent with the previous year at 8% of net revenues.
- Amortization expense increased \$30.3 million to \$120.0 million in 1998 from \$89.7 million in 1997. The increase is due to the commencement of amortization of the costs incurred in 1997 for the construction of Casino Rama and Casino Niagara.

Liquidity and Capital Resources

Cash generated from casino operations totalled \$823.5 million for the year ended March 31, 1998. This is an increase of \$295.4 million or 56% from the \$528.1 million generated from operations in 1997. The increase is directly the result of all four provincial casinos being in operation for the entire fiscal year.

Distributions to the Province of Ontario were made from operating cash flow and amounted to \$107 million for the 1998 fiscal year, a \$257.4 million decrease from the \$364.4 million distributed in 1997. The Corporation used cash generated from operations to fund the construction of the permanent *Casino Windsor* and to make debt repayments.

The Corporation's capital spending decreased from \$397.9 million in 1997 to \$289.5 million in 1998. The significant decrease is due to having only one capital project currently under way, the permanent *Casino Windsor*, whereas in 1997 the Corporation incurred capital spending on three projects; *Casino Rama*, *Casino Niagara* and the permanent *Casino Windsor*.

The Corporation continued to use a significant portion of operating cash flow on capital spending required for the ongoing construction of the permanent *Casino Windsor*. In fiscal 1998, \$254 million was spent on the construction of the permanent Casino Windsor bringing the total spent to date on the construction of this project to \$368 million. The permanent *Casino Windsor* is expected to cost \$505 million when completed.

During the year, the Corporation also repaid \$147 million to the Ontario Financing Authority, which was the entire amount advanced to the Ontario Casino Corporation for the construction of *Casino Niagara*. This was a significant achievement since the debt was repaid in less than one operating year.

With respect to Casino Rama, the Corporation also used cash generated from operations to pay down a significant amount of debt. A further \$81 million was repaid during the year against the bank loan that was obtained to finance the

development of *Casino Rama*. The year-end balance of the bank loan now stands at \$44 million. Payment of \$5 million was also made against the funds advanced by the casino operator at *Casino Rama*. Total repayments of long-term debt amounted to \$86 million.

The Corporation and Windsor Casino Limited have costsharing agreements for the permanent casino complex whereby the total project costs will be financed up to 25% by Windsor Casino Limited and the remainder by the Corporation. Windsor Casino Limited has financed \$94.9, million which bears interest at 4.5% per annum. All financing for *Casino Windsor* advanced from Windsor Casino Limited will be repaid from casino revenues in the following fiscal year.

The total received by the Province of Ontario from the Corporation's casino operations amounted to \$435.9 million in 1998 as compared to \$565.5 million in 1997. The Province of Ontario received win tax from the Corporation of \$328.9 million in 1998 and \$201.1 million in 1997. Distributions to the Province of Ontario were made from operating cash flow and amounted to \$107.0 million for the 1998 fiscal year versus the \$364.4 million distributed in 1997.

The Corporation's management believes that existing cash balances, future operating cash flow and amounts available from lenders will be sufficient to meet future debt obligations and to complete the construction of the permanent *Casino Windsor* complex.

Management
Discussion and
Analysis of
Financial Condition
and Results of
Operations

D 1. E . T - 1. 1.

B AFF OF DECTOPS, 1997-1998

Brian Wood, Chair

Assistant Deputy Minister, Corporate Services and Agency Relations Division, Ministry of Economic Development, Trade and Tourism; President and Chief Executive Officer, The Development Corporations of Ontario. Also Acting President, OCC.

Peter Cobbold

(starting February 25, 1998)

Retired; former Vice-President, Arrow Games (Canada) Inc.; previously held management positions with Burroughs Canada and Olivetti Canada.

Joanne DeLaurentiis

President, Mondex; former President, Interac; member of OCC Selection Committee, Niagara Falls Casino/Gateway Project, and member of OCC Audit Committee.

Evelyne Dreyfus

(until January 15, 1998)

Developer specializing in renovations of designated heritage houses and recreational properties.

Gordon Hepburn

(until January 15, 1998)

Retired; former President and CEO, Thomas Cook Canada Ltd.; Chair of OCC Audit Committee.

Shoba Khetrapal

(until January 15, 1998)

Treasurer, Moore Corporation Limited; formerly with Canadian Pacific Ltd., as Assistant Treasurer.

Jeffrey W.S. Lo

President, Far EastTheatre Group; President, Ontario Chinese Artists Association; and President, Modest Art Gallery.

David Nash

Partner in London law firm McKenzie Nash Bryant; past Chair, Board of Directors, St. Joseph's Health Centre in London; Chair, OCC Selection Committee, Niagara Falls Casino/Gateway Project.

Sharon Paul

Executive Vice-President, Public Affairs, Labatt Breweries of Canada; formerly Vice-President, Corporate and Public Affairs, Abitibi-Price; member of OCC Audit Committee.

Ken Signoretti

(until December 3, 1997)

Retired; former Executive Vice-President, Ontario Federation of Labour; member, Board of Directors, United Way of Peel.





Ontaria Casina Corporation
Canada Trast Tamer

BCE Place

153 Bay Street

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> 1998 1999 ANNUAL REPORTS

CONGRATULATIONS



Ontario Casino Corporation



Ontario Lottery Corporation







MESSAGE FROM THE CHAIR AND CEO OF THE ONTARIO CASINO CORPORATION AND ONTARIO LOTTERY CORPORATION Page 2



ONTARIO CASINO CORPORATION
Pages 6 – 40



District Larries Lavoure



Amortanes

this sing bean one busing and the THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE OW ratives each instant anglist urSeptember 1999

Honourable Chris Hodgson Chair of Management Board of Cabinet Ferguson Block Toronto, Ontario

Dear Minister:

On behalf of the Boards of Directors of the Ontario Casino Corporation and Ontario Lottery Corporation, I have the honour to submit to you the *Annual Reports* of the Ontario Casino Corporation and Ontario Lottery Corporation for the fiscal year ended March 31, 1999.

Respectfully submitted,

Donhaw

Ron D. Barbaro Chair

Boards of Directors

Ontario Casino Corporation and Ontario Lottery Corporation



MESSAGE FROM THE CHAIR AND CEO OF THE OXTARIO CASINO CORPORATION AND OXTARIO LOTTERY CORPORATION

These *Annual Reports* pertain to the fiscal year of the Ontario Casino Corporation (OCC) and the Ontario Lottery Corporation (OLC) ended March 31, 1999 — the fifth year of business for the OCC and the 24th year of operation for the OLC.

Knowledge

In a significant step towards a single vision for Ontario's gaming industry, the government cross-appointed the Boards of Directors of the OCC and OLC in November 1998. With the objective to maximize the benefits generated from gaming to both public and private stakeholders, the exchange of corporate knowledge between organizations is already improving efficiencies and rejuvenating our relationship with our gaming customer.

The cross-appointment of OCC's Chief Executive Officer to the OLC has facilitated a seamless flow of corporate knowledge and insight as the Corporations work to meet their objectives.

COMMITMENT

We consider it our duty to deliver high quality gaming entertainment through socially responsible operational practices. To help ensure a high level of integrity, each OCC and OLC gaming activity is tightly regulated and controlled and includes self-exclusion programs and strict provisions preventing access to minors.

The Province of Ontario is second to none in Canada in its funding of programs for public education, prevention and treatment of problem and compulsive gambling. The Government has committed a minimum of \$10 million annually for public education and early identification campaigns, educating and training problem gambling counsellors, research on the most effective methods of preventing and treating gambling addictions, and the monitoring of the impact of gaming activities. Our organizations are proud to play an integral role in ensuring gaming is offered and conducted in a socially responsible manner and in a way that minimizes the effects and incidence of problem gambling.

THE CHALLENGE

Ontario Lottery Corporation

This year, the Ontario Lottery Corporation was presented an exciting new challenge when it was asked by government to implement the pilot charity casino initiative and the slot machine program at racetracks. After several years of restructuring and organizational Transition, this new mandate has stimulated staff and provided them with new goals and objectives. As part of the new corporate climate



"Gaming has created thousands of new jobs in Ontario.

At the Ontario Casino Corporation and Ontario Lottery Corporation, we strive to hire local staff, one Canadian at a time." RON D. BANDARD CRAW AND CEO





of information sharing and efficiency, the OCC is assisting the OLC, lending expertise in casino development and operations. Key to this support is the cross-appointment of the OCC Chief Operating Officer to the OLC, with principal responsibility for the pilot charity casino and racetrack slot machine initiatives. Other cross-appointments include the OCC Vice President and General Counsel, and OCC Senior Manager-Development. The cross-appointment of the OLC Chief Financial Officer and several other senior OLC and OCC staff also supports mutual corporate objectives.

The pilot charity casino initiative will make 10 times more funds available for charities in Ontario than they previously obtained from the three-day roving Monte Carlo events. Four communities – Sault Ste. Marie, Thunder Bay, Brantford and Point Edward – were selected by government as host sites, each community having held a referendum in favour of hosting a casino. The first of four pilot charity casinos — Casino Sault Ste. Marie — is set to open May 24, 1999. The profits from charity casinos will go to thousands of charities province-wide through The Ontario Trillium Foundation. The first Ontario casino to operate in direct competition from a U.S. facility, Casino Sault Ste. Marie is also intended to stimulate tourism spending in Sault Ste. Marie and create hundreds of direct and indirect new jobs.

The OLC opened the first slot machine operation at an Ontario racetrack in December 1998. *Bonanza Slots* at Windsor Raceway represents a new partnership between the OLC and the private sector. The introduction of slot machines at participating racetracks is a proactive move to rejuvenate the live horse racing industry. Wagering at the Windsor Raceway increased 18 per cent in the first three months the 712 slots were introduced. The opening of the slot facility at Hiawatha Horse Park in Sarnia is scheduled for May 10, 1999, and work is underway to open slot operations at several other racetracks over the next fiscal year.

THE CHALLENGE

Ontario Casino Corporation

As well as assisting the OLC with the development, cross staffing and training needs at its charity casinos and racetrack slot operations, the OCC experienced another exceptional year of increased attendance, job creation, and revenue growth.

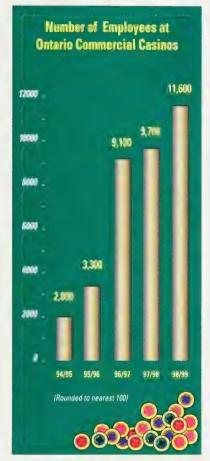
The Corporation's key accomplishment this year was the opening of the permanent *Casino Windsor* complex on Windsor's downtown waterfront. Located across the river from the three Detroit casinos currently under construction, this world-class facility has attracted thousands of new patrons and is continuing to build customer loyalty through the introduction this year of the all-time favourite casino dice game — craps.

The OCC also reached a major milestone in the development of its next major undertaking: the Niagara Falls Casino/Gateway Project. With an agreement on the business terms now in place, the OCC and its newest private sector partner — Falls



Ron D. Barbaro, Chair and CEO, Ontario Casino Corporation, and Windsor Mayor Michael Hurst roll out the dice during the launch of craps at Casino Windsor, ending the 611-year ban on dice games by England's King Richard II.





Management Company, led by Hyatt — have held extensive community consultations and begun the planning and preparation for a year 2000 ground breaking Once completed, the new casino will house a hotel, convention and exhibition facilities, world-class retail mall, multi-purpose live entertainment space, as well as off-site indoor/outdoor amphitheatre and entertainment venue. This new complex is certain to further the tourism growth already begun by the interim *Casino Niagara*, launching the Niagara Region into what experts predict will be a period of unprecedented tourism growth into the new millennium.

Casino Rama — the peoples' choice two years in a row as determined in a readership poll by the *Toronto Sun* — is continuing to earn customer loyalty and grow its market through the success of such initiatives as its big name summer entertainment series and a high profile bus program. Building on the momentum of these achievements, the OCC and the Mnjikaning First Nation are finalizing plans for a significant on-site expansion, which will include a hotel and permanent entertainment centre

Nearly 22 million patrons in total chose these commercial casinos as their entertainment option — more than twice the entire population of the Province of Ontario! The majority of our patrons are visiting from the U.S.

CREATIVITY AND DEDICATION

As the corporate cultures of the OCC and OLC come together, creating an integrated, smarter approach to gaming development, we are challenged daily to reinvent and redefine the way we approach our work.

I would like to congratulate the members of the Boards of Directors of the Corporations for their leadership and creativity during this period of transformation and thank them for their support in all of our tasks. I also have the pleasure of acknowledging our greatest asset, which does not appear in our financial statements – our executives and their support staff whose tireless dedication to the strategic planning, goals and deadlines make the OCC and the OLC profitable Corporations.

Finally, in March 1999, Garth Manness, who led the Ontario Lottery Corporation for five years during challenging economic and competitive times, announced his departure. In this period, he guided the Corporation through organizational transition and cost-saving restructuring. We thank him for his dedication to the organization and his leadership.







Ron D. Barbaro, Chair and CEO of the Ontario Casino Corporation and Ontario Lottery Corporation

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GOALS:

- Provide high quality entertainment in a socially responsible manner and ensure a high level of integrity;
- Provide for programs for the public education and prevention of problem gambling;
- Provide for a tightly controlled and secure gaming environment;
- Act as a catalyst for community economic development;
- Create jobs;
- Promote the tourism and hospitality industries; and
- Generate revenue for provincial priority programs.

MANDATE:

To provide a top quality, unique and entertaining gaming experience to patrons, in a socially responsible manner and secure environment, so as to create jobs, enhance economic development, promote tourism, and generate revenue for the people of Ontario.





WIN-WIN "... AN AWESOME GROWTH SITUATION..." Ron D. Barbaro



Job creation continues to be a significant economic benefit of gaming in Ontario While employment in other industries has climbed eight per cent between 1992 and 1997, the number of employees in the gaming industry has tripled. In fact, Statistics Canada reports that this burgeoning industry accounts for two per cent of all job growth between 1992 and 1997

The Ontario Casino Corporation is a dynamic player in an increasingly competitive entertainment marketplace. To date, Ontario's three commercial casinos have created more than 27,000 direct and indirect jobs in Ontario. The estimated value of new economic activity generated by these casinos is more than \$2.4 billion. And analysts predict a dramatic expansion for the market, particularly as U.S border states open their own gaming facilities. In the Detroit-Windsor area alone, U.S. analysts are forecasting a potential market valued at three billion dollars Canadian While this could bring even more tourists into the Windsor area, it also means increased competition.

The OCC is poised to meet the challenge.

This fiscal year, the OCC and Ontario's three commercial casinos laid the ground-work to lead the provincial gaming industry in the next millennium. Three bold initiatives have been put into play – the opening of a permanent world-class casino in Windsor, a deal to proceed with a half-billion-dollar Niagara Falls Casino/Gateway Project, and plans to expand *Casino Rama* in Central Ontario to include a hotel/entertainment centre.

This fiscal year once again set new gross gaming revenue records, and attendance records. In fiscal 1998-1999, gross gaming revenue increased by 25 per cent over fiscal 1997-1998, from \$1.6 billion to \$2.0 billion. Total attendance in fiscal 1998-1999 reached 21.8 million, an increase of 7 per cent over fiscal 1997-1998

In any competitive game where the stakes are high, it is vital to have a level playing field. The federal decision to proclaim Bill 55, which legalizes dice games in Canada, has been an important move to meet the U.S. challenge. *Casino Windsor* and *Casino Niagara* are now positioned to meet the competition from south of the border where craps have always been legal and very popular

In addition, a federal tax policy that exempts players from paying a tax on winnings at source provides an attractive advantage over the American casinos that cannot offer the same.

The OCC is committed to ensuring casinos contribute to a safe community. This year, crime rates actually dropped in all three commercial casino host communities

The OCC adheres to the highest standards of social responsibility. The Ontario government has set the pace in the North American gaming industry by earmarking a minimum of \$10 million dollars for the treatment, research and prevention of compulsive gambling. This exceeds every other gaming jurisdiction in North America The OCC recognizes it has a critical role to help "when the fun stops being fun."

CASENO WINDSOR - REALIZING THE DREAM

Five years after the inaugural ceremonial token dropped into a slot machine at Ontario's first and only commercial casino, the dream of a permanent venue for *Casino Windsor* has been realized.

On July 29, 1998, the pop of champagne corks signalled the beginning of an exciting new era in Ontario's gaming history.

Twelve acres, a two-million square foot property, and a four-star hotel with 389 rooms – at *Casino Windsor*, elegance, drama, and ambiance blend to create a unique gaming experience.

With 100,000 square feet of gaming space on two levels, the new permanent casino alone could generate a billion dollars by its first anniversary of July 29, 1999, surpassing expectations of even the most optimistic observers.

Opening the doors to a permanent home for *Casino Windsor* firmly establishes a truly enviable player in North America's robust gaming industry and a dynamic contributor to the economic map of Ontario.

With 2,955 slot machines and 136 table games, the new casino offers unparalleled gaming excellence for Michigan, Ohio and Ontario patrons. Players spent an average \$127 on each visit, giving *Casino Windsor* the highest win among the three sister casinos.

A Year of Transition

In July 1998, both interim casinos operating in Windsor closed their doors to make way for the dramatic new permanent casino. The transition from the interim *Casino Windsor* and the *Northern Belle Casino* riverboat was seamless. With the exception of the marine staff, all the employees were relocated and 1,000 new jobs were created.

Casino Windsor (the interim casino and the permanent casino) attracted more than 6.3 million patrons in fiscal year 1998-1999; in addition, 631,000 visited the Northern Belle before the doors closed on July 12.

Gross gaming revenues reached \$784.0 million plus \$52.0 million from the *Northern Belle* to total \$836.0 million, an increase of 20 per cent over the 1997-1998 fiscal year.

The new *Casino Windsor* retains its lead as the most profitable commercial casino in Canada.

Largest Downtown Employer

With more than 5,230 employees, *Casino Windsor* is the third largest employer in Windsor and largest employer in the downtown area. Fulfilling one of the major objectives of the OCC mandate, the Windsor casino initiative has created 13,000 direct and indirect jobs.

Downtown Windsor is enjoying a multi-million-dollar commercial renaissance as the core area lures back businesses that fled for the suburbs a decade ago. The



"... The city's economy is firing on all cylinders ... "

Roman Dzus, Deputy Development Commissioner for the Windsor-Essex County Development Commission





local investment community credits the casino as one of the key catalysts.

The largest construction project in Windsor history, the casino/hotel complex helped fuel a boom in building permits which have risen 56 per cent since the casino initiative began.

Statistics Canada rates the southern-most city in Canada as one of the most vibrant economic communities. Housing sales in Windsor have increased 184 per cent since 1993. According to figures released by the Canadian Real Estate Association, Windsor ranks just behind Calgary and Saskatoon as the market with the fastest growing value.

Clean and Green -A Community Partner

From Christmas lights to

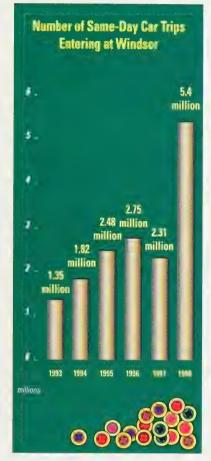
beautification programs, *Casino Windsor* is an active member of the City Centre Business Association, an umbrella group of dynamic business people committed to finding ways to make downtown Windsor the place to locate.

Fully landscaped with grassy slopes and trees overlooking the Detroit skyline, the azure and white complex sits in harmony with the city's Waterfront Master Plan. All phases of construction and day-to-day operations adhere to the strict protocol of the Environmental Management System committed to protecting the environment.

The casino has committed to financially support the Art Gallery of Windsor to assist it in building a new home and is moving ahead with its commitment to sponsor riverfront development in front of the new casino.



Casino Windsor's award-winning design and full range of amenities combine to offer patrons the best in gaming entertainment



MEETING THE COMPETITION: CHALLENGE FOR THE MILLENNIUM

Four of every five visitors to this gaming destination travel from the U.S. They pour across the Ambassador Bridge and through the Windsor/Detroit Tunnel in record numbers. Statistics Canada reports a staggering 197 per cent increase in same-day cross border car trips since the first interim casino opened in 1994.

The OCC recognizes the challenge for the next millennium is meeting the competition from across the Detroit River.

In Windsor, American players enjoy a favourable exchange rate where the U.S dollar buys six quarters. The Canadian government allows players to keep their winnings without paying tax, providing more incentive to premium players to choose a Canadian casino for their gaming experience. Another card in this competitive hand was also dealt by the federal government in 1999.

"One Shoulder, One Eye..."

Gaming aficionados will recognize the phrase that traditionalists use to describe the classic game of dice – craps. It's the best spectator show on the floor, if you can stake out a view. There's usually only room for "one shoulder, one eye" at the table. Roll the dice. Ride the run. "Five alive!"

The federal government's decision to introduce an amendment to the *Criminal Code of Canada* to legalize craps through Bill 55 levels the playing field in a vigorous North American market thus giving *Casino Windsor* the means to meet any and all challengers across the Detroit River. To date, players can enjoy three craps tables.

As staff training progresses, *Casino Windsor* plans to roll the dice and double the number of tables in the next fiscal year.

"Welcome to the Nickel Mine"

Learning from the successes of Las Vegas, *Casino Windsor* is planning to 'open the shaft' to the new Nickel Mine where patrons will use real coins. The nickel machines will cater to an expanding client base.

Casino Windsor is also exploring the feasibility of charter airline junkets from Philadelphia, Kentucky, and Illinois to further build its client base.

The partnership between Windsor's newest business and its oldest – Hiram Walker & Sons Ltd. – flourishes in the Canadian Club. Creative concepts captured in the blueprints for expansion of this premium players' club are "coming off the page" and moving into the construction phase. The Club will be refined further and expanded with more high limit tables, a premium slot machine area, and a private gourmet dining experience.



Casino Windsor Strikes Gold!

At the first annual Casino Executive Gold Medallion Design awards, *Casino Windsor* walked away a winner. The awards celebrate architects, designers and contractors who understand brand identity and develop thorough, consistent, detail-oriented spaces.

The winning entry was submitted by Toronto's Webb Zerafa Menkès Housden Partnership.

The judges' comments: "An elegant property. Handsome architecture. The central rotunda with rock and waterscape is especially attractive. This is a good

piece of architecture which creates its own identity. Thoroughly designed to the fine details."

"A Hard Act to Follow..."

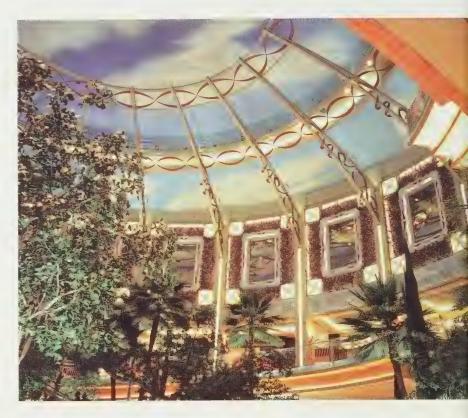
More than a gaming facility, the permanent Windsor casino is evolving into a world-class entertainment venue. Headline entertainers, from Canada's own Paul Anka to sophisticated comic Bill Cosby, elevate this elegant and exciting place onto the international stage, making it "a hard act to follow" in a vibrant and competitive industry.

The elegant ballroom is the venue for an unsurpassed standard of entertainment. This year, 250 premium players and their invited guests swayed to the classic sound of Neil Sedaka. The casino also hosts performances at the neighbouring Chrysler Theatre Cleary International Centre as a show

of appreciation for premium players. Tickets are also made available to the general public at favourable prices.

In the Showtime Lounge, plans to bring back some familiar music legends were put in place for the upcoming fiscal year. Gary Puckett, Herman's Hermits, and Juice Newton have been contracted to appear in the spring and summer of 1999. The season opener – the Monkees' Davey Jones.





This year, in its dramatic new riverfront location, Casino Windsor continues to build the momentum of positive economic spinoffs for the Windsor community.









A little luck and the fun of big time entertainment leave these casino patrons smiling.

Casino Windsor Cares...

Fiscal year 1998-1999 laid the foundation for an even more proactive and progressive partnership with the host community. *Casino Windsor* is committed to expanding its role as an exemplary corporate citizen. By dramatically increasing its budget for community partnerships, it prepared to launch a new community initiative —"Casino Windsor cares...about health care, about a proud heritage, about the arts..."

Casino Windsor launched this initiative with a one-million-dollar contribution to the "Together in Caring Capital Campaign," organized by the Windsor and Essex County Hospitals Foundation. Casino Windsor has also contributed to the Hospice of Windsor program that provides palliative care and support to families, and moneys to the new cancer centre, Dream Weaver.

One of every ten walkers in the annual AIDS Walk that winds along the Detroit River is an employee of *Casino Windsor*. Encouraging staff to be involved in their community is the focus of a dynamic in-house program. It's led by a community relations specialist with the support of Human Resources.

Once again, *Casino Windsor* sponsored events that culturally enrich the host community. Festivals which knit the community together mark the calendar year almost every weekend between May and October.

From the cry of the coxswain in the seat of the first annual Dragon Boat races, to the Epicure festival or the Buskers spectacle, *Casino Windsor* is proud to be a leading corporate sponsor. It donated to the enjoyment of light opera, the Windsor Symphony, and local theatre. Funds were designated to help restore the Nazery Church A.M.E. and support the North America Black Historical Museum. As grade school students made a quilt commemorating the Underground Freedom Railroad, *Casino Windsor* financially supported the celebration of historical richness captured by the imaginations of these young artists.

Carpe Diem: Latin - Seize the Day!

When the lands adjacent to the casino complex in Windsor went on the market, the OCC recognized an unprecedented opportunity and "seized the day." Blueprints, brainstorming, creative and energetic dialogue will maximize the opportunity inherent in the purchase of this land.

O MACCO

CASINO RAMA

Step out of your car and immediately your visual senses are enveloped in the mystique and pageantry of a unique culture. You are on the grounds of the largest First Nations casino in Canada.

In front of you, a breathtaking display of Ojibway art dominates the walls of the casino. Nine artists share the ancestry of the culture they celebrate with this creative collaboration known as the Art Wall. Thirty-seven thousand square feet honour the seven clans of the Chippewa Nation.

This is the heritage of your host community.

Each individual of the Mnjikaning First Nation descends from one of those clans. Each clan gifts its community with special, magical powers. The Fish is Wise, a philosopher; the Bear is Just; the Martin Protects; and the Bird represents Creativity.

Creativity is the hallmark of *Casino Rama*. Not just on the wall in front of you, but behind the scenes where a creative partnership has been formed with the Mnjikaning First Nation, Carnival Resorts and Casinos, and the OCC.

Casino Rama is proud to be the largest employer of Aboriginal people at a single site anywhere in Canada. Six hundred Native Canadians enjoy full-time employment at Casino Rama which boasts 70,000 square feet of gaming space. Almost one in four casino employees is a First Nations member. The unemployment rate in Rama dropped from 80 per cent to 10 per cent, once the casino opened.

This year, another 200 people were added to the team. The vast majority of the 2,700 employees live in the local area, enjoying an annual payroll of \$80 million.

The Orillia Human Resource Centre of Canada reports the local employment picture is changing, as seasonal jobs are giving way to permanent jobs. In the two years prior to October 1998, the number of jobs in the Orillia area has risen 38 per cent.

Boosting the Local Economy - A Red Hot Market

In October 1998, the Community Casino Task Force released results of its survey to determine the economic impact of *Casino Rama*.

- The number of houses changing hands in May 1998 compared to May 1997 catapulted 50 per cent. There has been a corresponding rise in the sale of starter homes in the \$80-100,000 range.
- Since 1996, new housing starts have risen 13 per cent.
- Orillia and District Real Estate Board credits Casino Rama with giving the market the biggest boom it's experienced in a decade. In 1998, total housing sales went up 14.8 per cent compared to 1996.
- A multi-million-dollar payroll generated by *Casino Rama* has transformed renters into buyers.
- Domestic automobile dealers report a sales increase in minivans, mid-size and sport utility vehicles.



"Good jobs, economic growth, and a renewed sense of community pride: Casino Rama has opened the doors of opportunity, for First Nations in Ontario and our neighbours in Simcoe County," charaman necken, chappeness of Majoraning (Marine) ricel Nation





Tourist Draw

It is estimated that *Casino Rama* has doubled annual tourism spending in the area to \$84 million.

CA5ING BAMA

Partnership for Profitability

The restaurants report higher profitability due to the higher employment rate. *Casino Rama* has also solidified a partnership in creating walking tours of local restaurants.

The Orillia Hotel Association reports off-season occupancy rates are up 50 per cent. In addition, *Casino Rama* has cemented a partnership with local hoteliers by including them in spring and winter advertising campaigns.

"That exposure to the Toronto market directly contributed to an increase in our 1998 occupancy rate of 25 per cent over 1997." – Orillia Hotel Association member Jim Marchand

Casino Rama supports a new marketing alliance called Lake Country Tourism which consists of business and municipalities promoting year-round tourism. It's a partnership development with the casino designed to take full advantage of the business potential of 10,700 visitors a day.

Ontario's Favourite Casino...

For the second year in a row, *Casino Rama* was voted Ontario's favourite casino by a readership poll in the *Toronto Sun*, garnering top marks for customer service and friendly staff.

Eighty per cent of patrons come from the Greater Toronto Area, driving the 90 minutes, and taking advantage of valet parking and free spaces for 2,200 cars.

Casino Rama runs a dynamic bus program as well. Fifty coaches bring visitors to Casino Rama every day. With the arrival of warmer weather, patrons now will be able to picnic under a new pavillion when they step off the bus. Discussions are underway to develop a new permanent lunch area.

The 1998 summer entertainment series enjoyed a second year of sell-outs. The largest outdoor tent in North America seats 3,000 people and attracted big names like Aretha Franklin, Michael Bolton, Tony Bennett, and Las Vegas favourite, Wayne Newton.

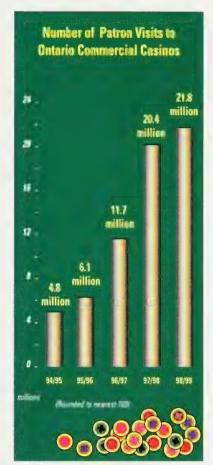
Lights, Camera, Action!

A Wednesday morning in early spring and a milestone for Casino Rama.

At 10:30 a.m., the first official roll-out of the dice! Recorded by seven television crews, media personalities coached by casino executives got a taste of the hottest new game in Ontario. All the winnings were donated to charity. The first prize of \$5,000 was won by The New VR in Barrie and donated to Cystic Fibrosis research.

Casino Rama has four tables in play, taking full advantage of the new federal government proclamation of Bill 55 which legalized dice games.





The drive for innovation from the senior levels of the OCC has also led to the introduction of nickel slot machines, complete with an interactive video environment

A Cosmopolitan Experience

In addition to the 2,328 slot machines and 112 tables, the OCC and *Casino Rama's* creative team continually search for new ways to create a peak experience for its valued patrons. Adding another cosmopolitan touch, *Casino Rama* has plans to introduce patrons to a new dice game familiar to the international players on the island of Macau off Hong Kong: Sic Bo!

In the tradition of Hong Kong, Singapore, and Toronto's own Chinatown, steaming hot noodles prepared in front of patrons add to the international flavour of the casino experience. Lunch echoes the Asian theme of the upscale Chinese dining experience offered by the Willow Restaurant.

Central Ontario's most popular tourist draw also rewarded 600 of its premium players by hosting them at a Chinese New Year extravaganza.

Balance and Understanding - The Art of Being a Good Neighbour

"When everyone agreed to build *Casino Rama*, it wasn't an agreement to build a business on the highway, separated from all of the local communities. As a corporate citizen, we are your neighbour"...Community Wellness Program

Using the four corners of the traditional Medicine Wheel, the Casino Rama Community Wellness Committee not only defined a vision in which wellness is an integration of emotional, physical, spiritual and mental health, it provided a framework to assess and measure the health of the entire local community.

Casino Rama commissioned the first study of its kind to create a "snapshot" of the region of northeastern Simcoe County. Months of research, interviews, polling and analysis led to identifying complex issues and community strengths and needs. The assessment will act as a blueprint to guide donations and activities to support the community...and keep it well!

Casino Rama donated seed money of \$235,000 to launch an ambitious new community initiative, the Community Foundation of Orillia. It is designed to solicit and accept charitable gifts to establish a permanent capital fund, the first of its kind in Orillia.

Casino Rama also committed \$180,000 to develop a comprehensive program for women's shelters. It organized a Christmas gift campaign, a seniors' visitation program, and donated money to enrich the material available in the local libraries on the Aboriginal culture.

The OCC is in discussion with the Chippewas of Rama and the operators at Carnival Resorts and Casinos regarding the development of a multi-million-dollar expansion of the existing casino to include a hotel and entertainment centre to extend visitors' average length of stay. Miigwech!







Plans are underway to develop a more than half-billion-dollar casino complex amid the spray and thunder of one of the natural wonders of the world. The new complex will overlook the Mighty Cataracts.

In the autumn of 1998, the OCC and Falls Management Company completed negotiations on an agreement on the business terms for the development of the Niagara Falls Casino/Gateway Project

Construction crews should be breaking ground in 2000. The OCC projects 5,000 permanent direct jobs will be created by the casino complex, and 5,000 person-years of employment through construction

The permanent site will feature 3,000 slot machines and 120 table games and keno area.

Subject to final review by the OCC, Falls Management Company and the City of Niagara Falls, the complex will feature a 350-room Hyatt hotel, convention and exhibition facilities, and a restaurant that captures the Niagara food and wine experience

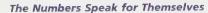
The blueprints also include a world-class retail mall, a multi-purpose live entertainment space, and to welcome guests to the area, a visitor information centre with cutting edge technology.

The team is drafting final plans for "River Country", which will augment the existing Marineland. This major family-oriented theme park will boast an indoor/outdoor amphitheatre and entertainment venue as well as a picturesque lake, long sandy beach and Wild River Raft ride

The proposal also features participation in a people-mover transit system currently being planned by the City of Niagara Falls.

The consortium led by the Hyatt Development Corporation will finance, design and construct the project. It is the single largest tourism investment in the history of the region, one that will stimulate even more investment and help transform Niagara Falls into a year-round destination.





The interim Niagara Falls casino remains the most successful commercial tourist attraction in Canada. One hundred thousand square feet of gaming space, 2,772 slot machines, and 139 table games add up to a winning hand!

With an average of over 28,000 visitors a day, the casino has generated in excess of \$1.3 billion of economic activity for the province of Ontario.

- Daily attendance increased by 9.5 per cent over the 1997-1998 fiscal year.
- Gross gaming revenue rose 20.5 per cent over the same period.
- · Direct jobs totalled 3,607.
- Number of same-day cross-border car trips that entered at Niagara Falls: 3.8 million in 1998 (up 25 per cent since pre-casino).
- Number of housing starts: 351 in 1997 (up 81 per cent since pre-casino).
- New housing starts increased by 31 per cent during the first quarter of 1999 compared to the same period last year.

In 1998, the city issued building permits valued at \$110 million, almost twice that of 1996. The biggest beneficiary of the interim casino has been the hotel industry.

A KPMG report released in October 1998 found the region compares well against communities throughout North America as a place to do business. The Royal Bank's Niagara Business Development Centre reports Niagara will be one of the strongest regions for economic growth in Canada over the next five years.

Cue the Thespians!

"All the world's a stage, and all the men and women merely players..."

In keeping with the tone set by the neighbouring world-famous Shaw and Stratford Festivals, *Casino Niagara* celebrated the introduction of dice games with a theatrical experience of its own. Actors costumed by the Bard's own at Stratford re-enacted a tale from the year 1380 when England's King Richard II outlawed dice. He feared his archers were spending more time playing backgammon than practicing archery! Canada adopted English criminal law shortly after Confederation.

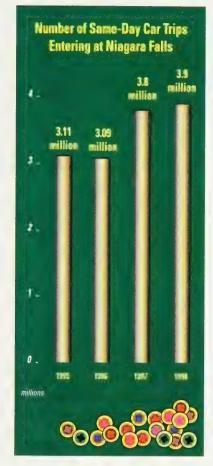
While "the play's the thing", it marked a significant milestone for a nascent but burgeoning industry.

The legalization of dice games through an amendment to the *Criminal Code* of *Canada* enables *Casino Niagara* and its sister commercial casinos to remain competitive with American casinos.

Casino Niagara opened two craps tables with plans to expand up to 10 in the next fiscal year. Players can also enjoy the lively addition of the five-cent slot machines







on the floor. Boom! Jumpin' Joker! Real Gem! Nickels clink everywhere, as *Casino Niagara* introduced the five-cent slot machines in February.

Casino Niagara also enjoyed a bit of its own history making when its Player Advantage Club signed on its one millionth player. One hundred and thirty-nine table games and 2,772 slot machines await the two millionth player!

Making a Difference

Casino Niagara is also the largest corporate sponsor in the Niagara Region for The United Way. It donated \$100,000 for the second consecutive year, supporting the United Way which benefits one in three people in the region. Big Brothers, Big Sisters, AIDS Niagara, Red Cross, the Head Injury Association, Meals on Wheels, and palliative care are all supported by the United Way. Casino Niagara's associates received the United Way Employee Award and the company was presented with the United Way Corporate Merit Award for its support in 1998.

Klieg Lights, Tuxedos and Mermaids...

Casino Niagara played Hollywood North by hosting the Niagara Film Festival Opening Gala, and rolling out the red carpet for the director of "Titanic", James Cameron. As hundreds of film aficionados crowded into the casino atrium, they were met with a "Towering Inferno" special Hollywood effects and mermaids blowing bubbles!

Casino Niagara will continue its support of the Niagara Film Festival this spring when Christopher Reeve returns to Niagara Falls to attend the Gala opening. The theme of the 1999 Niagara Film Festival is super heroes.

Casino Niagara also sponsored the "Casino Niagara Community Contributions Award", part of the Niagara Entrepreneur of the Year Awards in October 1998. This special service award honoured a company or individual(s) that demonstrated leadership in giving to the community or charities of Niagara. The winners (two individuals shared the award) received \$5,000 each to donate to the charity of their choice.

"... Niagara Falls is the envy of every other municipality within the region."

Mayor Wayne Thomson



WHEN THE FUN STOPS BEING FUN

The OCC recognizes its responsibility to help those for whom "the fun stops being fun". The Corporation is committed to leading the way in the North American gaming industry in dealing with a social problem that affects a small minority of players.

The Ontario government has earmarked a minimum \$10 million from slot machine revenues at charity casinos and racetracks...more than any other gaming jurisdiction in North America.

In addition, Ontario's commercial casinos contribute hundreds of thousands of dollars to educational and prevention programs geared to early identification of addiction to gambling.

The OCC has renewed its support for the Canadian Foundation on Compulsive Gambling which hosted the National Conference on Responsible Gaming in Ottawa. The theme was "Community and Treatment – Sharing Responsibility".

Since the Windsor casino opened, there has been no statistically significant change in the number of problem gamblers, according to the first and only Canadian study of local gamblers to date. The psychology department at the University of Windsor estimates the number of problem gamblers to be approximately three per cent.

But the study did identify an area in which the OCC and the casinos recognized an opportunity to make a difference. Many self-identified problem gamblers report they do not know where to turn to seek help. Each commercial casino has developed a media campaign of radio ads and billboards to elevate awareness for employees, patrons and the community.

The OCC encourages the critical first step for problem gamblers to seek help from one of the 45 treatment centres available in Ontario. All casinos display the toll-free confidential Problem Gambling Helpline number in an eye-catching poster campaign throughout the gaming facilities. This number provides information and treatment referral 24 hours a day. *Casino Rama* also prints the helpline number on ATM machines and matchbook covers.

Each commercial casino has designed a two-tier approach. Respect and respond. The casino *respects* the privacy of guests, and recognizes that the decision to gamble is a personal decision. But staff are trained to *respond* by guiding problem gamblers to local support systems in place.

Leading Edge Training for All Gaming Employees

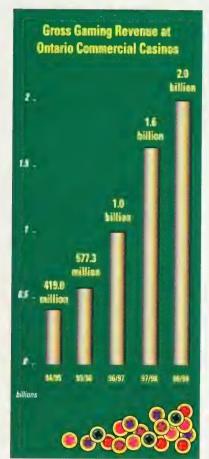
Casino Rama sponsors training workshops of different treatment modalities for local care providers and bursars for Georgian College's Addiction programs. It also contributes to the Mnjikaning First Nation to address problem gambling issues within its own community and neighbouring First Nations.

All three casinos have a "self-exclusion program" in which an individual asks to be excluded from visiting the casino. He or she signs a contract enabling the casino security to intervene if they are found on the premises.



Educational and prevention strategies at Ontario's commercial casinos, combined with the province's \$10-million problem gambling program, put Ontario at the forefront of prevention.





Unlike other forms of addiction, compulsive gambling is invisible to an untrained observer. Two to four per cent of the population are problem gamblers. The numbers are small in comparison to the millions of Canadians who regularly enjoy gaming as a form of adult recreation. But these numbers represent real individuals suffering from an addiction that can damage families and lives.

The OCC has retooled its corporate infrastructure to reflect this social reality by designating a new department head within Community Relations to explore innovative solutions.

The OCC ensures leading edge training for all gaming employees, especially those on the front lines, to recognize the signs of a problem gambler. The dealers and pit bosses undergo intensive training led by industry experts. In addition, they undertake mandatory updating on a regular basis. But, it's not just the front-line employees.

When it comes to early detection of someone who may need help...everyone, from the security staff to waiters in the restaurants, has a role to play.

SHATTERING MYTHS...SAFETY AND SECURITY

Vigilance is the key to preserving a safe and secure community in which a major tourist attraction attracts thousands of visitors daily.

According to statistics released by the Windsor police department, crime in the casino district has fallen in most categories. From December 1997 to December 1998, the total number of criminal code violations dropped more than 14 per cent. Fraud declined more than 28 per cent.

Each commercial casino provides funds for dedicated casino units within the local police services. Windsor, Rama and Niagara Falls each provide for 25 police officers. This supplements a sophisticated internal closed-circuit video system. In 1998, crime decreased in Orillia by almost 30 per cent as compared to 1997.

Even with the large increase of daily visitors to Niagara Falls, the rate of crime per capita has decreased significantly.

In each host community, a separate and dedicated unit is responsible for developing intelligence information and preventing organized crime involvement in the casinos' operation. They include officers from the Ontario Provincial Police, the local police service, and Canada Customs and Immigration.

The Alcohol and Gaming Commission of Ontario (AGCO) also conducts background investigations on employees to ensure honesty and integrity remain the hallmark of the operations. The AGCO works with other Canadian law enforcement agencies as well as U.S. and international gaming jurisdictions to promote an international sharing of security information.

"We are delighted with the way things are going ... "

Chief of Police, Glenn Stannard, Windsor Police Service

MANAGEMENT'S RESPONSIBILITY FOR ANNUAL REPORTING

Management of the Corporation is responsible for the preparation of the consolidated financial statements and all other information included in this report. This responsibility includes the selection of appropriate accounting principles as well as making informed judgements and estimates in accordance with generally accepted accounting principles.

The Corporation maintains an appropriate system of internal control to provide reasonable assurance that relevant and reliable consolidated financial statements are produced and that Corporation assets are properly safeguarded. KPMG LLP, the Corporation's independent auditors appointed by the Board of Directors, are responsible for auditing the consolidated financial statements. Their report outlines the scope of their examination and their opinion on the consolidated financial statements.

The consolidated financial statements have been reviewed and approved by the Board of Directors and its Audit Committee.

This Committee meets from time to time with management and the auditors who have direct access to the Committee.

Soura

Ron D. Barbaro

Chair and Chief Executive Officer

9.7.0 wtb

Tom Dalton

Vice President of Finance & Administration and Chief Financial Officer

Toronto, Canada

AUDITORS' REPORT

To the Board of Directors of Ontario Casino Corporation and the Chair of Management Board of Cabinet

We have audited the consolidated balance sheet of Ontario Casino Corporation as at March 31, 1999 and the consolidated statements of operations, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

KMG LLP

Chartered Accountants
Toronto, Canada June 16, 1999

CONSOLIDATED BALANCE SHEET

(in thousands of dollars) Year ended March 31, 1999, with comparative figures for 1998

Assets	1999	1998
Current assets:		
Cash and short-term investments (note 2)	\$ 245,243	\$ 307,151
Accounts receivable	11,702	10,503
Inventories	4,725	4,042
Prepaid expenditures and other	10,762	8,155
	272,432	329,851
Capital assets (note 3)	733,393	675,341
Pre-opening expenditures, net of accumulated		
amortization of \$50,031 (1998 - \$45,160)	10,626	23,877
Deferred charges (note 4)	21,555	23,152
Cash and short-term investments held		
in First Nations investment account (note 5)	254,543	84,197
	\$ 1,292,549	\$ 1,136,418
Liabilities and Provincial Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 128,946	\$ 148,276
Due to Windsor Casino Limited (note 6)	21,922	94,924
Due to Operators (note 6)	48,698	33,876
Current portion of long-term debt (note 7)	9,428	50,572
	208,994	327,648
Long-term debt (note 7)	16,028	24,013
Due to First Nations (note 5)	254,543	84,197
Provincial equity:		
Retained earnings	746,323	645,906
Reserves (note 2)	66,661	54,654
	812,984	700,560
	\$ 1,292,549	\$ 1,136,418

Commitments and contingencies (notes 6, 11 and 12)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Barbaro

Ron D. Barbaro, Chair

Joanne DeLaurentiis, Director

CONSOLIDATED STATEMENT OF OPERATIONS

(in thousands of dollars) Year ended March 31, 1999, with comparative figures for 1998

	1999	199
evenues:		
Gaming	\$ 1,979,433	\$ 1,645,00
Non-gaming	191,675	140,111
Investment income	8,481	5,556
	2,179,589	1,790,672
Less promotional allowances	84,302	62,540
	2,095,287	1,728,132
osts and expenses:		
Gaming:		
Win tax (note 8)	395,865	328,946
Operations	352,371	287,895
	748,236	616,841
Non-gaming	108,739	<i>81,39</i> 3
Operators' fees (note 6)	98,274	67,541
General and administrative	161,597	141,421
Amortization	94,151	119,973
Lease and rental	17,365	21,141
Interest	7,602	10,604
Other	103,342	40,619
	1,339,306	1,099,533
et income	\$ 755,981	\$ 628,599

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(in thousands of dollars) Year ended March 31, 1999, with comparative figures for 1998

	1999	1998
Retained earnings, beginning of year	\$ 645,906	\$ 222,995
let income	755,981	628,599
Distributions to the Province of Ontario	(475,524)	(106,988)
Distributions to First Nations investment account (note 5)	(168,033)	(82,525)
Transfers to reserves, net:		
Capital renewals reserve	(6,094)	(5,188)
Operating reserve	(3,441)	(8,732)
Severance reserve	(2,472)	(2,255)
	(12,007)	(16,175)
Retained earnings, end of year	\$ 746,323	\$ 645,906

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(in thousands of dollars) Year ended March 31, 1999, with comparative figures for 1998

	1999	1998
Cash provided by (used in):		
Operations:		
Net income	\$ 755,981	\$ 628,599
Amortization which does not involve cash	94,151	119,973
Changes in non-cash operating working capital	7,800	73,287
	857,932	821,859
Financing:		
Obligations under capital leases	_	(9,918)
Repayments to Windsor Casino Limited	(73,002)	_
Repayments to Ontario Financing Authority	-	(146,990)
Deferred lease costs	-	3,520
Repayments of long-term debt	(50,965)	(85,911)
Unrealized foreign exchange loss	1,836	1,009
	(122,131)	(238,290)
Investing:		
Acquisition of capital assets	(151,149)	(289,504)
Pre-opening expenditures	(7,622)	_
Deferred charges	(2,337)	(876)
Proceeds on return of Northern Belle Riverboat	6,713	_
Proceeds on disposal	243	204
	(154, 152)	(290,176)
Other:		
Distributions to Province of Ontario	(475,524)	(106,988)
Distribution to First Nations investment account	(168,033)	(82,525)
	(643,557)	(189,513)
ncrease (decrease) in cash	(61,908)	103,880
Cash, beginning of year	307,151	203,271
Cash, end of year	\$ 245,243	\$ 307,151

Cash is defined as cash and short-term investments.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED STATEMENTS (tabular amounts in thousands of dollars) Year ended March 31, 1999

The Ontario Casino Corporation (the "Corporation") is a Crown agency of the Ontario government and is responsible for conducting and managing Ontario's three commercial casinos. The Corporation commenced active operations on April 1, 1994 and presently operates the following casinos:

Casinos	Commencement of operations
Casino Rama	July 31, 1996
Casino Niagara	December 9, 1996
Casino Windsor - perman	ent July 29, 1998

These financial statements combine the assets, liabilities and results of operations of the Corporation and each of the casinos, and consolidate the assets, liabilities and results of operations of the Ontario Gaming Assets Corporation, a wholly-owned subsidiary of the Corporation incorporated on July 9, 1998.

The interim *Casino Windsor* and *Northern Belle Casino* riverboat, which commenced operations on May 17, 1994 and December 13, 1995, respectively, closed on July 22, 1998 and July 12, 1998, respectively.

1. Significant accounting policies:

(a) Gaming revenue and promotional allowances:

Gaming revenue represents the net win from gaming activities, which is the difference between amounts earned through winnings and payouts by the casino. The retail value of accommodation, food, beverage and other items provided on a complimentary basis to customers has been included in non-gaming revenues and a corresponding amount has been deducted as promotional allowances. Costs of providing promotional allowances have been included in non-gaming costs and expenses.

(b) Inventories:

Inventories are stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets are stated at cost. Amortization is provided using the following methods and annual rates:

Assets	Rate
Building, improvements and other development costs	Straight-line over ten to fifty years
Furniture, fixtures	Straight-line over three to ten years

Capital assets are amortized upon the commencement of operations

Interest on debt to finance major additions to capital assets is capitalized until the commencement of operations. The interest cost is determined using the interest rate on incremental debt incurred by the Corporation to finance these capital assets. Interest capitalized is amortized over the same period as the related asset.

(d) Pre-opening expenditures:

Certain expenditures, consisting of compensation, consulting and other costs incurred in connection with the development and opening of casinos, are deferred and amortized over periods ranging from one to three years.

(e) Deferred charges:

Deferred charges consist primarily of financing fees and assets contributed to the Chippewas of Mnjikaning (Rama) First Nation ("Chippewas of Mnjikaning") in accordance with the development and operating agreement relating to this property. Deferred financing fees are amortized over a period of three years. Assets contributed to the Chippewas of Mnjikaning consisting primarily of funding for the construction of a community centre, senior centre and certain infrastructure facilities, are amortized over the term of the related development and operating agreement.

NOTES TO CONSOLIDATED STATEMENTS (tabular amounts in thousands of dollars) Year ended March 31, 1999

(f) Foreign currency translation:

Monetary assets and liabilities are translated at the yearend exchange rates. Non-monetary assets and liabilities are translated at the historical exchange rates. Statement of income items are translated at the rate of exchange in effect at the transaction date. Translation gains and losses are included in income in the period which they arise, except for translation gains and losses relating to long-term debt which are deferred and amortized over the estimated term of repayment.

(g) Use of estimates:

In conformity with generally accepted accounting principles, management of the Corporation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period to prepare these financial statements. Actual results could differ from those estimates.

2. Cash and short-term investments:

(a) Cash and short-term investments include the noted amounts (top of next column) which are held in separate bank accounts:

	1999	1998
Capital renewals reserve	\$ 32,397	\$ 26,303
Operating reserve	22,935	19,494
Severance reserve	11,329	8,857
	\$ 66,661	\$ 54,654

(b) Cash reserves:

The Corporation has established cash reserves in accordance with various operating agreements for the following purposes:

- Capital renewals reserve for capital asset additions other than normal repairs or major improvements.
- Operating reserve to satisfy specified obligations in the event that revenue will be insufficient to meet such obligations.
- to meet such obligations.

 Severance reserve
 to satisfy certain obligations of the Corporation arising from termination or layoff of employees of an operator in connection with the termination of the operator.

In addition, there is restricted cash of \$1,044,000 (1998 - \$3,374,000) to be held for construction related expenditures at *Casino Rama*.

3. Capital assets:

					1999		1998
		Acc	cumulated	Ne	t carrying	N	et carrying
	Cost	am	ortization		amount		amount
Land	\$ 59,863	\$	_	\$	59,863	\$	59,863
Building, improvements and							
other development costs	542,353		31,244		511,109		140,936
Furniture, fixtures and equipment	208,962		48,120		160,842		96,214
Asset under capital lease	-		-		-		8,463
Construction in progress	1,579		_		1,579		369,865
	\$ 812,757	\$	79,364	\$	733,393	\$	675,341

During the year, the Corporation capitalized interest amounting to approximately \$1,530,000 (1998 - \$4,510,000).

4. Deferred charges:

					 1999	 1998
	***************************************	Cost		umulated ortization	t carrying amount	 et carrying amount
	******	2001	arric	JI UZBUOTI	diriodire	
Assets contributed to the						
Chippewas of Mnjikaning	\$	26,878	\$	6,915	\$ 19,963	\$ 21,391
Deferred financing fees		8,391		6,799	1,592	1,761
	\$	35,269	\$	13,714	\$ 21,555	\$ 23,152

5. First Nations investment account:

In early 1996, formal negotiations commenced between the First Nations of Ontario and the Province of Ontario to establish and administer a First Nations Fund into which all excess cash flow from *Casino Rama* will be distributed. Pending the establishment of a fund and an agreement between the Corporation and fund administrators agreed to by the Minister of Finance, the Corporation will hold these funds in a non-commingled investment account. These funds are invested in three-month guaranteed investment certificates with the Province of Ontario Savings Office.

	1999	1998
The investment account balance consists of:		
Balance, beginning of year	\$ 84,197	\$ -
Distribution to First Nations investment account	168,033	82,525
Interest earned	7,229	1,672
Atherley Narrows Bridge expense (note 12(c))	(4,500)	-
Distribution during year	(316)	-
Other expenses	(100)	_
Balance, end of year	\$ 254,543	\$ 84,197

6. Related party transactions:

- (a) Under the terms of the development and operating agreements for each of the casinos, the operator is entitled to receive an operator's fee calculated as a percentage of gross revenues and a percentage of net operating margin, both as defined in each of the related development and operating agreements.
- (b) Under the terms of the development and operating agreement for *Casino Rama*, the Chippewas of Mnjikaning receive

an annual fee of \$4,500,000, adjusted for inflation each year, relating to development and ongoing operating services. Additional charges from the Chippewas of Mnjikaning amounting to \$3,800,000 (1998 - \$2,100,000) in connection with land and building rental, snow removal, water and sewer and law enforcement charges, were received during the year. In addition, the lands used for the *Casino Rama* complex are leased from Her Majesty the Queen in Right of Canada by Casino Rama Inc. under a 25-year ground lease. Rent payable under this ground lease is \$3,500,000 annually, adjusted for inflation, and is paid out of gross revenues

NOTES TO CONSOLIDATED STATEMENTS (tabular amounts in thousands of dollars) Year ended March 31, 1999

of the *Casino Rama* complex to the Chippewas of Mnjikaning in accordance with instructions from Indian and Northern Affairs Canada as representative for Her Majesty the Queen.

(c) Under the terms of the development and cost-sharing agreement between the Corporation and Windsor Casino Limited, the total project costs in connection with the construction of the permanent casino complex in Windsor were financed up to 25% by the operator and the remainder by the Corporation. The amount financed by the operator is repayable by the Corporation over the term of the operating agreement of the casino or earlier, depending on certain conditions contained in the operating agreement. Interest is calculated at 4.5% per annum compounded monthly until the opening date of the permanent casino and 10% per annum compounded monthly thereafter.

7. Long-term debt:

		1999	1998
Bank loan	\$	-	\$ 44,346
Advance from CHC			
Casinos Canada Limited	25	5,456	30,239
	25	5,456	74,585
Less current portion	9	9,428	50,572
	\$ 16	5,028	\$ 24,013

(a) Bank loan:

A bank loan of \$155,000,000 under a \$160,000,000 nonrevolving credit facility in favour of Casino Rama Inc. was obtained to finance the development of *Casino Rama*. The bank loan was fully repaid in August 1998. Interest for the year on the bank loan amounted to \$646,000 (1998 - \$5.464,000).

(b) Advance from CHC Casinos Canada Limited:

CHC Casinos Canada Limited, the operator of *Casino Rama*, advanced U.S. \$25,000,000 toward the development of the casino. The advance bears interest at bank prime plus 1% per annum. The outstanding balance as of March 31, 1999 amounted to U.S. \$16,875,000 (1998 - U.S. \$21,250,000). The operator is entitled to quarterly repayments based on a formula contained in the development and operating agreement for this casino. Interest for the year amounted to \$2,282,000 (1998 - \$2,017,000).

The advance from the operator is repayable in U.S. dollars and is, therefore, exposed to foreign currency fluctuations. *Casino Rama* has not entered into any foreign exchange contracts to minimize the exposure to foreign currency fluctuations.

(c) The principal repayments of the long-term debt expected to be made over the next three years are approximately as follows:

Year ending March 31:	
2000	\$ 9,428
2001	9,428
2002	6,600

8. Win tax:

The Corporation remits win tax to the Province of Ontario weekly. This tax amounts to 20% of gaming revenue.

9. Corporate head office expenses:

Included in costs and expenses are the expenses of the Corporation's head office as follows:

· · ·	1999	1998
Salaries, wages and benefits	\$ 1,661	\$ 1,012
Transportation and communication	603	535
Purchased services	3,961	3,853
Amortization	346	277
Windsor Art Gallery (note 12(b))	25,000	-
Atherley Narrows Bridge expense (note 12(c))	13,500	-
Other	(847)	964
	44,224	6,641
Less amounts recoverable from Casino Rama	900	900
	\$ 43,324	\$ 5,741

10. Pension plans:

The operators of the casinos have created defined contribution pension plans for their salaried, hourly and executive employees. The casinos are required to contribute 2% of an employee's base earnings under the salaried and hourly pension plans and 3% of an employee's base earnings under the executive pension plans. Employee basic contributions of up to 2% of base earnings under the hourly pension plans and up to 3% of base earnings for the salaried and executive pension plans are permitted. Employee basic contributions are matched by the casinos. Employee voluntary contributions of up to 12% of base earnings under the hourly pension plans, up to 10% of base earnings under the salaried pension plans and up to 9% of base earnings under the executive pension plans are permitted. The pension expense for the year amounted to \$10,935,000 (1998 - \$9,196,640).

11. Contingencies:

- (a) The Corporation is from time to time involved in various legal proceedings of a character normally incident to its business. The Corporation believes that the outcome of these outstanding claims will not have a material impact on these financial statements. Settlements, if any, concerning these contingencies will be accounted for as a charge to the statement of operations in the period in which the settlement occurs.
- (b) The lease agreement between the Corporation and Maple Leaf Entertainment Inc. for the interim casino complex in Niagara Falls, Ontario, provides for the restoration of the building to its original state to be paid for by the Corporation. The nature and expected costs of this restoration are not determinable at this time. Accordingly, no accrual for these costs has been provided for in the financial statements.
- (c) The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year.

Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. The Corporation has developed and is implementing a process involving a phased approach designed to mitigate the expected effects of the Year 2000 Issue on the Company. The phases of the plan, which address Year 2000 readiness of the Corporation's computer systems, and of third parties, such as suppliers and others, include planning and awareness, inventory, testing, resolution and contingency planning. As at March 31, 1999, the Corporation has commenced all phases of the plan, which are intended to modify, retire or replace any computer systems identified to date which are not Year 2000 ready. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of suppliers, or other third parties, will be fully resolved.

12. Commitments:

(a) In connection with the acquisition of the land site for the permanent casino complex in Windsor, Ontario, the Corporation has agreed to provide the City of Windsor (the "City") with a fixed return over 20 years with payments commencing May 1, 1998, in the amount of \$2,600,000 per annum for the first ten years and \$3,000,000 per annum for the last ten years. Approximately \$2,383,000 was expensed in the year. In addition, the Corporation is obligated to cause Riverfront and City Market improvements to be constructed for approximately \$4,000,000 and to reimburse the City for the Corporation's share of certain infrastructure costs. These infrastructure costs, which amounted to approximately \$14,200,000, have been expensed in these financial statements.

The lease agreement between the Corporation and the Art Gallery of Windsor for the former interim casino complex located in Windsor, Ontario, provides for the restoration of the building to an art gallery upon vacating of the premises by the Corporation. The interim casino complex closed during the year and the Corporation has agreed to contribute a maximum of \$25,000,000 towards the restoration costs. This amount has been accrued for in these financial statements.

- (b) The Corporation and the Ministry of Transportation for the Province of Ontario have entered into a Highway Infrastructure Improvements Agreement. Under the terms of this agreement, the Corporation has agreed to contribute a maximum of \$18,000,000 towards the construction of certain infrastructure improvements relating to the Atherley Narrows Bridge located in Rama, Ontario, of which \$4,500,000 will be contributed by the First Nations Fund.
- (c) The Corporation is committed to rental payments for its leased premises and equipment under leases, expiring up to 2006. Future minimum annual lease payments are as follows:

	Operating	leases
Year ending March 31:		
2000	\$	4,532
2001		2,068
2002		1,292
2003		461
2004		438
Thereafter		100
Total minimum lease payments	\$	8,891

(d) On May 24, 1999, the Corporation signed a Master Development Agreement with Falls Management Company for the construction and development of a permanent casino complex in Niagara Falls, Ontario, and continues to negotiate specific elements related to the permanent complex.

13. Reclassification:

Certain of the 1998 figures presented for comparative purposes have been reclassified to conform with the current year's presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The Ontario Casino Corporation again achieved record results in fiscal 1999. Net income of \$756.0 million increased \$127.4 million or 20.3% over the prior year's level of \$628.6 million.

Fiscal 1999 witnessed the opening on July 29, 1998, of the new permanent *Casino Windsor*. The interim *Casino Windsor* and the *Northern Belle Casino* riverboat ceased operations prior to the opening of the permanent casino.

Patron visits to the Corporation's casinos increased to 21.8 million in 1999, representing an increase of 7% over the prior year. Patron visitations helped drive the Corporation's overall revenues to \$2.1 billion for fiscal 1999, an increase of \$367.1 million or 21.2% over the prior year.

Gaming revenues increased from last year's level of \$1.6 billion to \$2.0 billion, an increase of \$334 million. Strong slot revenues continued to drive the overall increase, growing from \$1.2 billion in 1998 to \$1.5 billion in 1999. Table game revenues increased from \$464 million in 1998 to \$509 million in 1999.

Gaming revenues achieved by each casino in 1999 and 1998 were as follows:

	1999	1998
Casino Windsor ⁽¹⁾	\$ 836M	\$ 697M
Casino Niagara	651M	540M
Casino Rama	493M	408M

⁽¹⁾Includes the operations of the *Northern Belle Casino* riverboat and the interim *Casino Windsor* until July 12, 1998 and July 22, 1998 respectively, and thereafter the results of the permanent *Casino Windsor*.

Non-gaming revenues increased from \$140.1 million in 1998 to \$191.7 million in 1999, an increase of \$51.6 million or 36.8%. Non-gaming revenues include hotel accommodations at the Corporation's permanent casino in Windsor, as well as casino food and beverage sales,

transportation and retail operations, and foreign exchange transactions.

Promotional allowances increased to \$84.3 million in 1999, an increase of \$21.8 million from last year. Promotional allowances as a percentage of gaming revenues increased from 3.8% of gaming revenues in 1998 to 4.3% in 1999. This increase is the result of the continuing development and expansion of the customer base at each of the casinos. Promotional allowances represent the retail value of accommodation, food, beverage and other items that are provided on a complimentary basis to customers.

Win tax amounting to 20% of gaming revenue is paid to the Province of Ontario and amounted to \$395.9 million for the year ended March 31, 1999, as compared to \$328.9 million for 1998.

Gaming operations expenses increased to \$352.4 million in 1999 from \$287.9 million in 1998, an increase of \$64.5 million or 22.4%. As a percentage of gaming revenues, gaming operations expenses remained relatively constant, at 18%.

Non-gaming expenses increased from \$81.4 million in 1998 to \$108.7 million in 1999, an increase of \$27.3 million or 33.6%. The increase reflects the additional cost of operations at *Casino Windsor* for increased food service and the cost of hotel operations.

General and administrative expenses in 1999 amounted to \$161.6 million, as compared to \$141.4 million for 1998, an increase of \$20.2 million or 14.3%. As a percentage of revenues, general and administrative expenses remained at approximately 8%.

Amortization expense for 1999 amounted to \$94.2 million, a decrease of \$25.8 million over the amortization expense of \$120.0 million in 1998. This decline is primarily attributable to the replacement of the interim and riverboat casinos in Windsor, Ontario, with the new permanent casino which opened in July 1998.

Other expenses in 1999 amounted to \$103.3 million, an increase of \$62.7 million over other expenses in 1998 of \$40.6 million. This increase is primarily attributable to

infrastructure and related costs of \$16.6 million pertaining to the permanent casino in Windsor, restoration costs of \$25 million relating to the former interim casino complex in Windsor and a contribution by the Corporation of \$13.5 million towards the construction of certain infrastructure improvements relating to the Atherley Narrows Bridge located in Rama, Ontario.

Liquidity and Capital Resources

Cash generated from casino operations amounted to \$857.9 million for the year ended March 31, 1999. This is an increase of \$36 million or 4.4% from the \$821.9 million generated from operations in 1998.

For the year ended March 31, 1999, the Corporation expended \$122.1 million in connection with financing activities. Of this amount, \$73 million and \$51 million related to repayments of debt incurred in connection with the construction of the permanent casino in Windsor and the *Casino Rama* complex, respectively.

Amounts expended on investing activities amounted to \$154.2 million, a decrease of \$136.0 million from the 1998 amount of \$290.2 million. The significant level of expenditures made in 1998 related to the construction of the permanent *Casino Windsor*, which opened in July 1998.

Distributions to the Province of Ontario amounted to \$475.5 million, an increase of \$368.5 million from 1998. In 1998, the Corporation used cash generated from operations to fund the construction of the permanent *Casino Windsor* and to make debt repayments. In addition, during fiscal 1999, the Corporation distributed \$168 million to the First Nations investment account, an increase of \$85.5 million or 104% over the 1998 distribution of \$82.5 million.

The total received by the Province of Ontario from the Corporation's casino operations amounted to \$871.4 million in 1999 as compared to \$435.9 million in 1998. The Province of Ontario received win tax from the Corporation of \$395.9 million in 1999 and \$328.9 million in 1998.

The Corporation's management believes that existing

cash balances, future operating cash flow and amounts available from lenders will be sufficient to fund future operations and capital expenditures programs.

Year 2000

The Corporation has examined the risks associated with the Year 2000 and its computer systems, and has developed and is implementing a process designed to mitigate the expected effects of the Year 2000 Issue.

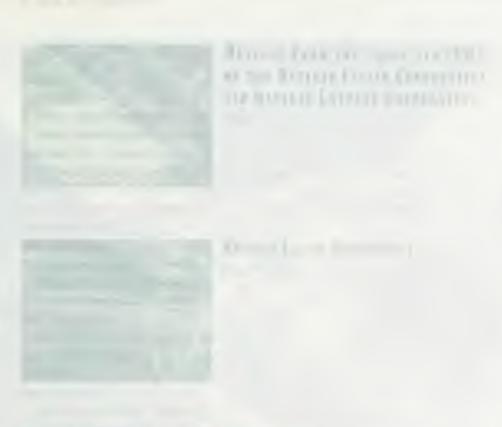
Specifically the Corporation has established a Year 2000 program at each of its locations that involves the evaluation and testing of all gaming computer systems, hardware and software programs (including critical systems which may affect health, life or safety, processing of key payments and revenue generation) and non-critical systems. This includes the evaluation of all corporate facilities operations, such as fire systems, heating, air conditioning and security systems, and follow-up with vendors and suppliers of goods and services to the OCC and its operators to ensure their compliance.

Management believes that the Corporation's critical and non-critical systems will be Year 2000 ready by the end of the third quarter of 1999. As a further precaution, the Corporation continues to develop and refine its contingency plans, and will conduct an independent review of the Year 2000 project at each site to ensure that program planning is adequate.

BOARD OF DIRECTORS - ONTARIO CASINO CORPORATION

Ron D. Barbaro, Chair (starting June 24, 1998) Thom Bennett (starting November 18, 1998 until December 28, 1998) Peter Cobbold Guy Cogan (starting January 27, 1999 until March 9, 1999) Joanne DeLaurentiis Gerald Huck Jeffrey W.S. Lo (until May 3, 1998) Francine McMullen (starting January 27, 1999) David Nash (until August 23, 1998) Sharon Paul Nicholas Perpick (starting January 13, 1999) Richard Raymond (starting January 27, 1999) Bruce Reid (starting January 27, 1999) Gary Reinblatt (starting January 13, 1999) Robert Welch (starting January 27, 1999) Brian Wood (until May 26, 1998)

As a provincial agency, the OCC complies with the province's *Public Sector Disclosure Act, 1996*. The Act requires government agencies to disclose on an annual basis, the names, positions, salaries and taxable benefits of employees paid \$100,000 or more a year. The list for calendar year 1998, with salaries and benefits, respectively is as follows: Ron D. Barbaro, CEO, \$131,236.51, \$244.22; Atam Uppal, Director, Operations, \$109,013.06, \$313.04; Paul Micucci, Chief Financial Officer, \$100,287.98, \$288.08.





ONTARIO LOTTERY CORPORATION
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MANDATE

The Corporation - A Gaming Enterprise

The Ontario Lottery Corporation (OLC) is responsible for operating and managing a number of traditional and non-traditional gaming activities for the Province of Ontario. These activities range from long-established lotto, INSTANT and sports-wagering games, to a province-wide electronic bingo game operated in co-operation with charities and private-sector partners.

During fiscal 1998-1999, a new era began for the Corporation. In June 1998, the provincial government assigned two exciting responsibilities to the OLC – the pilot charity casino initiative and the racetrack slot machine program.

Established in 1975 with the passage of the *Ontario Lottery Corporation Act*, the OLC functions as a Schedule II Crown agency. It reports to the Government of Ontario through the Chair of Management Board of Cabinet. The OLC's day-to-day relationships with the provincial government are channelled through the Gaming Secretariat, a division of Management Board Secretariat.

In fiscal 1998-1999, the provincial government cross-appointed the Boards of Directors of the Ontario Lottery Corporation and the Ontario Casino Corporation (OCC), also a Schedule II Crown agency involved with yet another aspect of gaming in Ontario – the commercial and Aboriginal casinos.

The objective of the high-level cross-appointments was to begin the integration of the vast gaming expertise present within these two Corporations.

OLC profits are deposited into the Consolidated Revenue Fund of the Government of Ontario and are available for appropriation by the Legislature for specific objectives as outlined in the *Ontario Lottery Corporation Act*. The Act directs lottery funds to the following purposes:

- Promotion and development of physical fitness, sports, recreational and cultural activities and for facilities;
- Activities of The Ontario Trillium Foundation;
- · Protection of the environment;
- Provision of health care, including the operating of hospitals;
- Activities and objectives of charitable organizations and non-profit corporations; and
- Funding of community activities and programs.

Profits from the pilot charity casino initiative will be distributed to charities in Ontario through The Ontario Trillium Foundation. Proceeds from the racetrack slot machine operations initiative assist Ontario's live horse racing industry, with remaining funds set aside for provincial priority spending uses and for a province-wide compulsive gambling program, including research, treatment and awareness.





OVER UNDER

PRO-LINE









Vision ~ Bold! Challenging! Attainable!

The Ontario Lottery Corporation's corporate vision is bold, challenging and attainable. The Corporation aims at becoming the best provider of controlled gaming in the world – to help meet the entertainment needs of consumers – generating accelerated net revenue and, thereby, supporting government in building a better Ontario.

Values - Integrity! Respect! Teamwork!

As a corporation operating in a highly competitive gaming marketplace, the OLC applies seven Corporate Values to its day-to-day activities. These values recognize the need for overall consistency, excellence, integrity and respect for people.

Honesty

In our speech and actions, internally and externally, corporately and individually, we are truthful, fair and lawful.

Merit

Our decisions are based on fact, are prudent, support our corporate plans and objectives, and are consistent with the principle of fairness and the laws and regulations governing the Corporation.

Respect for People

All individuals are highly valued and are treated equitably.

Openness

We share ideas and information, except where a need exists for personal privacy, information security or where business interests must be protected.

Teamwork

We work co-operatively to achieve corporate goals.

Excellence

In all that we do, we are committed to the highest standards of performance, competence and efficiency.

Public Responsibility

We work to serve the citizens of Ontario and to steward the assets and affairs of the Corporation for the benefit of Ontarians.



Headquartered in Sault Ste. Marie, the OLC also has administrative offices, a gaming technical centre and a Prize Office in Toronto. In addition, six regional business centres operated across Ontario during fiscal 1998-1999

As of March 31, 1999, the OLC employed over 540 people in its traditional gaming activities across Ontario and offered a variety of on-line and off-line games. As the year progressed, the Corporation was also well into developing and staffing its pilot charity casino initiative and racetrack slot machine program. These two non-traditional gaming activities brought over 340 new staff on board by the end of the fiscal year, with more staff projected in the next fiscal

To channel its traditional products to the entertainment marketplace effectively, the OLC partners with the retail trade in the sale of lottery products to consumers. At year end, lottery products were being sold by 10,714 Ontario retailers, of which 7,745 were connected to the OLC's on-line gaming network, the sixth largest network in North America.

The OLC also partners with the Provincial Bingo Charitable Activities Association (PBCAA) and the Registered Gaming Suppliers of Ontario (RGSO). As of the end of fiscal year, the partnership linked the OLC's SUPERSTAR BINGO game to 183 bingo halls in Ontario.

The racetrack slot machine initiative has created a new and exciting business opportunity for the OLC to work collaboratively with the private sector while, at the same time, significantly benefitting the live horse racing industry. The pilot charity casino program is yet another new business opportunity, which meets the government's gaming objectives and offers much promise to its immediate stakeholders – the charities, government and the people of Ontario





SOCIALLY RESPONSIBLE GAMING AND PROBLEM GAMBLING STRATEGY

The OLC prides itself on the high level of trust and goodwill Ontarians have repeatedly bestowed on the Corporation over its 24-year history. As a business in the gaming industry, it has consistently scored high when Ontario adults have been asked to rate it on a range of social responsibility factors.

Since its creation in 1975, the OLC has vigilantly reinforced public confidence in its operations by continually enhancing its processes and procedures to ensure the highest level of integrity in its gaming operations. These measures include stringent security in all areas, an employee confidentiality oath, strict game rules, liability caps on games, and an ongoing commitment to corporate social responsibility.

The Corporation continues in its support of the Ministry of Health and Long-Term Care's Comprehensive Strategy for the Treatment, Prevention and Research of Problem Gambling in Ontario. Managed by the Ministry's Ontario Substance Abuse Bureau, this strategy includes the creation of a problem gambling research centre. Beginning in 1999-2000, the Province has guaranteed two per cent of gross slot machine revenues (a \$10-million annual guaranteed minimum) towards problem gambling initiatives.

During fiscal 1998-1999, the Province allocated \$3.5 million to its problem gambling initiatives. These included funding to outpatient counselling services in 45 agencies across the province, a toll-free provincial helpline, and training for problem gambling treatment providers.

For fiscal 1999-2000, the Province's problem gambling initiatives are being expanded to include the following proposed expenditures: \$5.8 million for treating people with gambling problems, and educating and training problem gambling counsellors; \$2.0 million to prevent gambling problems through public education and early identification of problem gamblers; and \$2.2 million for researching the most effective methods of preventing and treating gambling addictions, and to monitor the impact of gaming activities.

OLC staff at the pilot charity casinos and racetrack slot machine operations are trained in problem gambling identification, self-exclusion programs are operational, and help information is available on site to patrons who may be experiencing difficulties. On the traditional side of its gaming operations, the OLC is assisting to promote awareness of the Ontario Problem Gambling Helpline (1-888-230-3505). The Corporation includes the phone number and a message on the weekly winning numbers *Lottery Results* flyer, the toll-free consumer line, the winning numbers telephone line, on corporate news releases, and in *Lotto Post*, its monthly retailer publication. The helpline message and phone number will also be found on all on-line and off-line ticket backs in fiscal 1999-2000.

The OLC maintains its financial integrity and protects its retailer partners by limiting the amount of wagering that can be accepted at a retail outlet. In fiscal 1998-1999, the OLC introduced measures aimed at eliminating professional wagering on the OLC's sports lotteries. Adjustments were made to unique combination limits on SPORT SELECT



games, and wagering on each game was restricted to \$100 per player, per day, per retail location. The move was taken to protect the integrity and viability of SPORT SELECT as a recreational and entertaining lottery product, and to ensure the pay-out distribution for SPORT SELECT is equitable for all players.

The Corporation's ticket redemption policy maintains strict standards as well. The policy requires major winners to present the winning ticket to the OLC Prize Office in person, along with proper identification. Prizes are paid only after a thorough check of the ticket and identification.

The OLC follows a clear and thorough insider-win policy for the traditional gaming portion of its operations that applies to all OLC employees, immediate family members, or a closely affiliated company or individual, including OLC retailers. In fiscal 1998-1999, 33 insider wins, totalling \$6,072,844 in prizes (or .56 per cent of prizes) were reviewed

With the development of the slot machines at racetracks initiative and the pilot charity casino program, the OLC began drafting formal policies governing the participation of its employees in charity casino and slot machine operations. These policies are in step with the Alcohol and Gaming Commission of Ontario, the province's gaming body regulating casino and slot operations, among other activities. Unlike the sale of traditional lottery products, the minimum age of access to pilot charity casinos and racetrack slot operations is 19-and-older, and is strictly monitored. Traditional lottery products are only available to players 18 years and older.

To maintain the integrity of its traditional products and processes, the OLC employs rigid standards in game security. The Corporation's business systems and its on-line games function independently of one another. On-line OLC retailers utilize code scanners to ensure game security and assist in spotting altered tickets. The latest security techniques in ticket production have also been adopted to thwart fraud in off-line games.

As a result of these measures, attempts to defraud the Corporation are kept in check. Twenty-six fraudulent tickets were investigated in the fiscal year and less than \$5,000 in fraudulent payouts were prevented. This compares with seven tickets totalling over \$5.0 million that were investigated in 1997-1998.

In fiscal 1998-1999, the Corporation also investigated 299 cases of reported lost, stolen or questionable tickets. Investigations concluded that 50 per cent were unsupportable claims.

Even before the sale of lottery products to minors became a provincial offence under legislation passed in 1997, the OLC had in place a long-standing minor's policy of not selling tickets to anyone under 18 years of age. The OLC fully co-operates with law enforcement agencies responsible for investigating any such offences involving retailer sales to minors

Effective November 1998, the OLC tightened its minor's policy further by prohibiting anyone under the age of 18 from claiming a prize. Not paying prizes to minors complements provincial law that prohibits the sale of lottery tickets to minors.

The OLC also embraces its broader community responsibility by working with the government on other important social issues.



The OLC works with the government under *Ontario's Family Responsibility Act*, designed to protect the interests of children and spouses through strict enforcement of support orders. Under the Act, the OLC deducts delinquent family support payments from lottery prizes of \$1,000 or more on behalf of the Family Responsibility Office. Between July and March of fiscal 1998-1999, the OLC intercepted \$158,000 from 100 prize winners.

In conjunction with the Ministry of Finance, the Corporation developed a program to encourage lottery retailers to remit retail sales tax. The program launched in June 1998.

Supporting the charitable sector is one of the OLC's business activities through SUPERSTAR BINGO. As one of the partners in SUPERSTAR BINGO, the Provincial Bingo Charitable Activities Association shares in the profits of this game and distributes them to numerous, worthwhile charitable causes. Payments to charitable organizations were \$14.6 million during the 1998-1999 fiscal year.

With its new responsibility for pilot charity casinos, the OLC will be involved in generating even more funds for the charitable sector – a promised \$100 million annually, which will be shared with charities through The Ontario Trillium Foundation.



WORKING WITH THE PRIVATE SECTOR

In 1998-1999, the OLC's involvement with the private sector accelerated significantly in a ground-breaking direction, as the Corporation launched the ambitious slot machines at racetracks program. New stakeholders, who previously were not part of the OLC's business environment, now included Ontario's long-established live horse racing industry – track owners and operators, and horse people. By extension, the agricultural sector and numerous gaming product suppliers also became part of the economic mix, as the OLC moved towards establishing slot machine programs at participating Ontario racetracks by December 2000.

The pilot charity casino initiative also generated feverous business activity through the purchase of goods and services to meet charity casino opening deadlines into the next fiscal.

With respect to its traditional gaming operations, the OLC continued to seek new opportunities for co-operation with the private sector. In addition to maintaining ongoing activity with its lottery retailers, who numbered 10,714 at the end of the fiscal year, and the 183 bingo hall operators, who participate in offering the SUPERSTAR BINGO product, the Corporation developed special ad-hoc partnerships that were mutually beneficial to both the OLC and its business associates.

This year, the Corporation became involved in two co-promotions with Labatt Brewing Company Limited. During the Holiday Season, Labatt purchased 140,000



A variety of INSTANT tickets

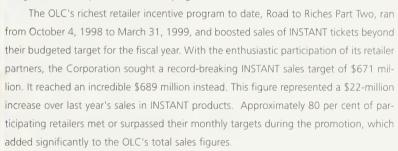




STOCKING STUFFER \$2 INSTANT tickets and inserted one in every Labatt's Holiday Pack beer case sold between November 8, 1998 and January 30, 1999. In an earlier co-promotion, the brewing company purchased 315,000 LUCKY LOONIE \$1 INSTANT tickets and included one ticket in every Double Blue™ beer case sold between June 17, 1998 and September 4, 1998.

The OLC also repeated last year's successful LOTTO 6/49 Happy Meal[®] for Grown Ups co-promotion with McDonald's Restaurants of Canada. McDonald's customers, purchasing a Happy Meal[®] for Grown Ups between January 25, 1999 and February 25, 1999, received a coupon redeemable for one \$1 LOTTO 6/49 ticket (excluding ENCORE) Redemption rates continued at over 70 per cent of coupons distributed, and the promotion delivered the program objectives set by both partners.

The Gifting Program and related Ambassador Program were particularly novel ideas implemented in December 1998. The OLC hired a marketing service provider to recruit 115 ambassadors to cover 40 shopping malls across Ontario and other unique locations. The ambassadors, wearing festive OLC uniforms, distributed about one million brochures with INSTANT ticket coupons (an additional 500,000 were available directly from select retailers) to mall shoppers to promote INSTANT tickets as ideal gifts for the Holiday Season. The OLC also supported the Gifting Program with an extensive advertising and in-store point-of-sales campaign.



In addition to specific promotions, the OLC continued to support the private sector and achieve cost effectiveness by outsourcing certain functions such as advertising, software development, terminal maintenance, and ticket printing and production

In fiscal 1998-1999, \$2.1 billion, or 95.8 per cent of the OLC's sales revenue was returned to the Ontario economy in the form of prizes, commissions, purchase of goods and services, and revenue for provincial spending priorities. About half of the revenue – \$1,073 million or 48.9 per cent – was awarded as prizes to winners. This year, 892 major winners took home a combined total of \$244,428,193 – much of which was reinvested by them in the purchase of goods and services in the private sector. (Between April and August 1998, a major prize win was considered to be \$10,000 or more, while from September 1998 the level increased to \$50,000 or more.)

In addition, the OLC spent \$209.1 million or 9.5 per cent of its revenue on pur-





chasing goods and services. This included on-line terminal maintenance, advertising and promotion, ticket supplies, salaries and benefits, administrative expenditures, software purchases and development, and equipment purchases, leases and maintenance. A further \$162.3 million or 7.4 per cent of revenue was dispersed as bonuses and commissions among the OLC's 10,714 lottery retailers and 183 bingo hall operators.

In fiscal 1998-1999, \$53.6 million or 2.4 per cent of sales consisted of payments to the Government of Canada and to charitable organizations.

The OLC generated \$681.9 million – or 31.1 per cent of its sales – for the Consolidated Revenue Fund of the Province of Ontario in this fiscal year.

TRANSITION AND NEW BUSINESS CHALLENGES

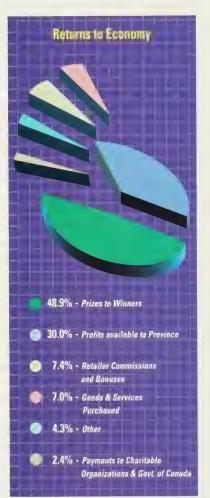
The OLC's restructuring objective – becoming a smaller, more efficient and even more profitable organization in its traditional business operations – solidly positioned the Corporation to take on new business opportunities in fiscal 1998-1999.

Throughout the year, the OLC moved forward with its corporate restructuring plan after government approved its Business Plan in February 1998. The financial objective of restructuring was to reduce the OLC's traditional lottery business operating expenses by \$58.0 million. As the major components of restructuring neared their final stages towards the end of fiscal 1998-1999, the Corporation prepared to complete all Transition activities in the first half of fiscal 1999-2000.

While the OLC restructured its traditional operations, the provincial government assigned to the Corporation the responsibility of owning and operating four pilot charity casinos, and implementing the slot machine program at participating Ontario live horse-racing tracks. The OLC began proceeding quickly to support these new and exciting non-traditional activities through its corporate operations. Recognizing that the pilot charity casino and racetrack slot machine programs represented significant new revenue sources, the OLC still continued to remain vigilant and focused on improving the efficiency of its traditional activities – a commitment that was a key factor in its ability to gain, manage and conduct new business opportunities.

Towards the end of the fiscal year, the OLC obtained approval from the provincial government to adjust its Transition plan, cancelling the Alternative Service Delivery (ASD) option in favour of the self-provisioning option. The objective was to retain several key work functions internally rather than having them outsourced. All functions that would be kept would be made as efficient as possible to capitalize on identified cost savings. The key areas now subject to self-provisioning involved Information Technology, warehousing, distribution and merchandising, and a Contact (Call) Centre.

Adopting the self-provisioning route for previously designated ASD candidate areas







OLC winners collect major prizes.

offered the best opportunity for the OLC to meet its priorities for the upcoming 1999-2000 fiscal year. These priorities include meeting sales and profit targets, reaching the \$58.0 million in savings to which the OLC is committed through its Transition process, achieving a stable workforce as soon as possible, bringing Transition to a close in 1999, continuing with the roll-out of the pilot charity casino and the racetrack slot machine initiatives, and being prepared for Year 2000 – the Y2K issue – without the added costs that might have been incurred during the implementation of any outsourcing options.

After examining the risks associated with the Y2K issue, the Corporation developed and began implementing a process designed to mitigate any unexpected effects. Specifically, the OLC established a Y2K program for the traditional lottery business which, under the direction of the Vice President Information Systems and Technology, has had representation from all business units.

The Y2K program involves the evaluation and testing of all computer systems, hardware, and software programs of the traditional lottery business (including critical systems that may affect health, life or safety, processing of key payments and revenue generation) and non-critical systems. This includes the evaluation of all corporate facilities operations such as fire systems, heating, air conditioning and security systems, as well as a follow-up with vendors and suppliers of goods and services to the OLC to ensure their compliance. The progress of this program is monitored through monthly reporting to the Vice President Information Systems and Technology, business units, Management Board Secretariat and the Board of Directors. There are also quarterly reports to the Interprovincial Lottery Corporation's Year 2000 Committee.

The OLC believes that the critical and non-critical systems for the traditional lottery business will be Y2K ready by the end of the third quarter of 1999. As a further precaution, the OLC continues to develop and refine its contingency plans.

All pilot charity casino and racetrack slot machine gaming systems and assets have either been purchased Y2K compliant or will be Y2K compliant prior to the end of the year.

Ongoing corporate Transition in the traditional sector of its operations, coupled with the introduction of new non-traditional activities, energized the Corporation to go beyond the expected and to stretch itself to achieve even greater heights of success.



FINANCIAL HIGHLIGHTS

 Ω ales surpassed \$2.0 billion for the fourth consecutive year, reaching \$2.194 billion, up \$17.2 million over 1997-1998.

The established lotto, INSTANT and sports wagering games sales were approximately equal to 1997-1998 sales. The increased sales for the fiscal year were as a result of the launch of the first racetrack slot machine program at Windsor Raceway. The Net Sales at this site were \$17.5 million for the period from opening at December 16, 1998 to fiscal year-end.

On-line sales were down by \$12.0 million from 1997-1998 due to product maturity. However, LOTTO 6/49 sales increased \$23.2 million or 3.6 per cent due to higher jackpots throughout the year. Off-line sales increased \$22.3 million over 1997-1998. Four new games were launched during the year: INSTANT CROSSWORD, INSTANT CRIBBAGE, STRIKE IT RICH! and INSTANT SUPER BATTLESHIP®. Total sales of these games were \$153.3 million. This offset reductions in other games due to product maturity.

Sales Less Direct Expenses (or operating margin) rose to \$869.9 million or 39.6 per cent of sales as compared to \$855.5 million or 39.3 per cent of sales for 1997-1998.

Income from Operations was up \$15.6 million over 1997-1998, which resulted in a comparable increase in Net Income Before Unusual Items. The increase is partially due to continuing efforts to reduce costs in the traditional area of the OLC's business. These efforts resulted in a decrease in Administration and Other Costs of approximately \$4.6 million. In addition, ticket printing costs were reduced by \$2.9 million as a result of the implementation of Transition initiatives. The balance of the increase is primarily due to increased Interest Income of \$1.7 million and a reduction in Payments to Charitable Organizations of \$2.7 million. The reduction in Payments to Charitable Organizations is a direct result of the reduction in sales of SUPERSTAR BINGO due to a decline in that product's appeal.

Net Income Before Unusual Items of \$733.1 million compares to \$714.0 million for 1997-1998. This is an improvement as a percentage of sales from 32.8 per cent to 33.4 per cent and is consistent with the objectives of the Corporation.

As a result of the Province of Ontario assigning the operation and management of the pilot charity casino and racetrack slot machine programs to the Corporation, the OLC undertook to compensate certain operators for costs incurred with respect to the establishment of charity casinos. This compensation, in addition to other costs associated with the cancellation of the video lottery program, which have no ongoing tangible value, is charged to the Income Statement as Unusual Items.

The resultant Net Income was \$681.9 million. Of this, \$657.6 million or 96.5 per cent was available to the people of Ontario through amounts paid and payable to the Province. This amount increased the total contribution to the Government of Ontario, since the OLC's creation in 1975, to \$9.0 billion.

BATTLESHIP® is a registered trademark. Used with permission of Hasbro Canada Inc



Highlights

Sales

Prizes

Commissions

Gross Profit (%)

Net Profit (%) *

the Province

Profits Available to

Number of Games

Number of Racetracks

* Before Unusual Items (1998-1999)

(in millions of dollars, unless otherwise stated)

1998-1999

\$2,194.4

10736

162.3

39.6%

33.4%

\$657.6

12





OPERATING HIGHLIGHTS

During the fiscal year, the government asked the Corporation to establish, own and operate four pilot charity casinos as well as to develop, staff and manage the slot machines at racetracks program. The OLC began integrating these two new business responsibilities into its overall restructuring plan. Slot machines were introduced at Windsor Raceway on December 16, 1998, resulting in Net Sales of \$17.5 million in the fiscal year. Construction

1997-1998

\$2,177.2

1,075.0

158.8

39.3%

32.8%

\$735.6

12

was started on the first charity casino in Sault Ste. Marie in January 1999.

The Province also gave the OLC responsibility for administering a \$40-million Advance Funding Program for charities to fill a funding gap period between the closure of the three-day roving Monte Carlo events and the start-up of the new pilot charity casinos.

The OLC extended its terminal hours from 11 p.m. to 12 a.m. in this fiscal year and took steps to consolidate shut-down times of DAILY KENO, PICK-3 and LOTTARIO to 9 p.m., effective next fiscal year.

Work was also undertaken on INSTANT Ticket Pack Activation to be implemented in fiscal 1999-2000. This feature will allow retailers to activate ticket packs at store level.

The OLC launched four new exciting

games in 1998-1999. In the \$3 category, INSTANT CROSSWORD and INSTANT CRIBBAGE proved popular with players and surpassed the Corporation's objectives. In the \$5 category, STRIKE IT RICH! and INSTANT SUPER BATTLESHIP® were launched in late 1998 and resulted in \$46.0 million in sales. These new games more than offset the decline in other INSTANT games due to product maturity.

The results for PRO•LINE, OVER/UNDER and POINT SPREAD were consistent with prior years.

On-line sales decreased \$12 million during the year. The majority of this decrease was a result of the decline in LOTTO SUPER 7 activity due to decreased jackpots. LOTTO 6/49 had higher value jackpots partially offsetting this decline. In addition, ONTARIO 49 and ENCORE ONTARIO 49, launched in 1997, had increased sales as a full year of activity took place in 1998-1999.

"We are committed to supporting the racing industry and its important economic impact, particularly as experienced in many rural communities across Ontario."

Ron D. Barbaro, OLC's Chair and CEO





OFF TO THE RACES - WINNERS ALL AROUND

The live horse racing industry, the province's agricultural sector, host municipalities and the people of Ontario are the big winners with the ongoing implementation of the OLC's slot machine program at participating Ontario racetracks. Greater incomes, employment security, job creation, a revitalized industry with expected positive tourism impacts, and an additional pool of funds for new provincial government priority programs are the forecasted outcomes of one of the most ambitious gaming initiatives in the OLC's 24-year history. Not only is the Corporation supporting government in building a better Ontario with this bold activity at provincial racetracks, it is also living up to its long-time slogan of "Together we're making good things happen."

In the first half of the fiscal year, the provincial government announced the OLC would operate and manage the slot machine program at Ontario racetracks, an initiative designed to ensure the long-term viability of the live horse racing industry. The OLC is committed to establishing slot machine facilities at participating Ontario racetracks, with many scheduled to be in operation by December 31, 2000. The Corporation plans to place a combined total of over 9,600 slot machines at participating racetracks.

The slot machine program promises a positive economic impact on the communities with racetracks. The slot machine facilities will generate revenue and increased business for the track operators and horse owners, who in turn will purchase more goods and services in their communities. The live horse racing industry will receive a 20 per cent commission of the total gross slot machine revenues at racetracks across the province As a result, live horse racing will benefit from increased purses, which will lead to more race days, more horses of better quality, larger handles and overall improved racing

Horse racing in Ontario is the province's third largest agricultural industry, which spends over \$1 billion a year. The Ontario Horse Racing Industry Association (OHRIA) estimates that not only will the slot machine initiative maintain existing employment for approximately 45,000 Ontarians who work in the industry (the equivalent of 27,000 full-time jobs), but will generate 7,000 new full-time equivalent jobs in the agricultural sector. The OLC projects that 2,300 direct jobs could be created by its slot machine facilities.

Meanwhile, racetrack municipalities gain significantly from the slot machines at their respective racetracks, which are long-established gaming sites where pari-mutuel wagering has been legally and responsibly taking place for many years. The municipalities will receive five per cent of the gross revenues on the first 450 slot machines, and two per cent of gross revenues for any machines beyond the initial 450 slots. The money will offset local infrastructure and servicing costs, such as policing.

The people of Ontario will gain handsomely, too, not only with the attraction of exciting, revitalized gaming venues, but also with the spin-offs from the funds earned for government priority uses. At maturity, it is projected that the racetrack slot machine initiative will generate over \$300 million annually for government, funds to be dedicated to new provincial priority programs, such as health care.

Bonanza Slots at Windsor Raceway

December 16, 1998, was an historic day for live horse racing in Ontario. Windsor Raceway became the first Ontario racetrack to offer slot machines under the slot machine program operated and managed by the OLC. *Bonanza Slots*, the colourful and unique name of the slot machine area at Windsor Raceway, features gleaming rows of slot machines in a new 23,000-square-foot section of the raceway's first floor. Approximately 280 additional full-time equivalent jobs were created thanks to the slot operations at *Bonanza Slots*.

Designed around a western theme, *Bonanza Slots* offers 712 slot machines for the visiting patrons' entertainment pleasure and is open seven days a week, 24 hours a day. Adding gaming variety to the racetrack makes a day at the races more appealing to more people.

The province's horse racetracks are significant economic generators – the larger the track, the bigger the impact. For example, before the installation of slot machines at Windsor Raceway, the horse people invested more than \$5.4 million directly into the community for goods and services in 1997, the year for which the most recent figures are available. With the economic multiplier effect, the direct and indirect benefits to the local economy were estimated at \$13.0 million for that year. These local benefits can only grow with the introduction of slot machines.

The future is certainly full of enthusiastic anticipation and solid promise for *Bonanza Slots*. Operating figures for the December 16, 1998 to March 31, 1999 period show a Net Win of \$17.5 million, resulting in a Net Profit of \$6.6 million. Since slot machine operations were introduced in December 1998, Windsor Raceway has noted a significant improvement in its business, with wagering on live races up 17.5 per cent, wagering on simulcast races up 10 per cent, and purses increasing a whopping 25 per cent.

The slot machines at *Bonanza Slots* have now transformed Windsor Raceway into a multi-dimensional entertainment centre, guaranteeing the survival and growth of its core business, live horse racing.

In fiscal 1998-1999, the OLC and its private-sector partners made it happen at Windsor Raceway's *Bonanza Slots*.





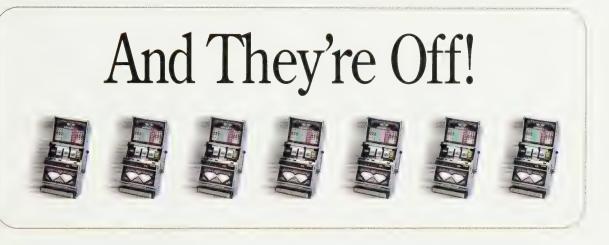
The Winner's Circle[™] is a player's reward program offered at pilot charity casinos and participating racetrack slot machine facilities.

Hiawatha Horse Park - At the Post

As the OLC's 1998-1999 fiscal year drew to a close, preparations were right on track for a May 10, 1999 opening of the slot machine facility at Hiawatha Horse Park in Sarnia. The 450-slot machine facility is expected to create some 160 additional full-time equivalent jobs at the racetrack, which offers live standardbred racing as well as simulcast and teletheatre wagering. Before the planned introduction of slot machines, the horse people invested more than \$3.5 million directly in the community for goods and services in 1997, which translated into more than \$8.5 million in direct and indirect economic benefits to the Sarnia area.

As is the case at Windsor Raceway, so too at Hiawatha Horse Park, the slot machine facility will offer a significant economic boost to the local economy.

Horse racing has traditionally been a part of the agricultural fabric of the region, and the residents of Sarnia and the many patrons of Hiawatha Horse Park are excited and anxious for slot machines to arrive. The OLC and its private-sector partners are again part of that excitement.



Opening day billboard ad for Bonanza Slots



PILOT CHARITY CASINOS

Charities throughout Ontario are well positioned to benefit enormously from the pilot charity casino initiative – to the monetary value of \$100 million annually. That's the dollar amount the provincial government has promised charities each year beginning fiscal 1999-2000, representing a stable source of funding. Charity casino profits will support the annual multi-million-dollar charity fund, which will be distributed through The Ontario Trillium Foundation. The OLC is extending a helping financial hand to charitable organizations that make Ontario an even better place to live.

The pilot charity casino program received the green light on June 26, 1998, when the provincial government announced that it would establish four pilot charity casinos in Ontario – one each in Sault Ste. Marie, Thunder Bay, Point Edward and Brantford. It assigned the challenging task to the OLC to make the initiative happen quickly and effectively. The OLC will own, operate and manage the charity casinos, which will also serve as pilot projects to enable Ontarians to make informed decisions about any future expansion of gaming in Ontario.

The four pilot charity casinos are being developed as an alternative to the former system of three-day roving Monte Carlo events, which were difficult to control and regulate. The charity casinos are being established in those host municipalities where there is community support for the new gaming activity, shown through local referenda and endorsements from local councils.

Each charity casino will be smaller than Ontario's commercial casinos and will offer lower betting limits. A maximum of 450 slot machines will be located on the charity casino floor, with a maximum of 60 table games. Hours of operation and other operational details may be specific to each location.

The charity casinos are projected to create approximately 500 new direct jobs in each host community. Along with the economic spin-offs resulting from the construction of each charity casino, the local economies will also gain from their charity casino's ongoing operations, which will, in turn, fuel tourism in the immediate area and drive an ongoing multiplier effect caused by the need of a steady supply of goods and services. Host municipalities also gain financially. Each municipality will receive five per cent of gross slot machine revenues. These funds are to be used at the municipality's discretion.

During the fiscal year, the OLC moved forward at record speed, assisted by the OCC, to turn the pilot charity casino program into a reality. A site was selected for Sault Ste. Marie's charity casino on December 8, 1998, with ground-breaking ceremonies held on January 6, 1999. The Brantford site was secured on February 1, 1999, and Point Edward on March 25, 1999. Thunder Bay's site was to be announced on April 16, 1999.

Sault Ste. Marie's charity casino, an interim pre-engineered structure with a permanent facility to follow, was set on a fast-track construction timetable of 133 days, gearing up to receive its first gaming patrons on May 24, 1999. Aggressive plans are in place to open the remaining three charity casinos by the end of December 1999.





Casino Sault Ste. Marie - "Into the Wild"

The newest upcoming addition to the vibrant gaming marketplace is *Casino Sault Ste. Marie*, Ontario's first interim pilot charity casino. Located along the historic St. Mary's River, the interim charity casino sits on the city's Gateway site near the International Bridge. After mutual consultations, both the OLC and City officials agreed this choice 29-acre parcel of land was the best spot for the charity casino, lending itself to attractive marketing concepts, easy access for Canadian and American casino customers, and high visibility on Sault Ste. Marie's spectacular waterfront.



Casino Sault Ste. Marie's design is based on the concept theme of "Into the Wild."

The 63,000-square-foot facility and its corporate imagery focus on the exhilaration, challenge and rigorous beauty of the North. The charity casino's official logo depicts a trio of canoeists cresting a white-water wave, reflecting the spirit of adventure and sense of excitement associated with Ontario's northern lifestyle.

Once it is open in May 1999, players visiting *Casino Sault Ste. Marie* will have access to a 35,000-square-foot gaming area where the ringing sounds of 450 slot machines and the play action



Front entrance to Casino Sault Ste. Marie

at 30 gaming tables will stimulate visitors to try their luck at this new northern adventure site. Meanwhile, the charity casino will have a staff of approximately 500 employees, working diligently to make a patron's visit pleasant and memorable. It is estimated that up to 1,000 indirect jobs may also be created with the charity casino's daily operations. The OLC is at the forefront, making good things happen for the people of Ontario.



ADVANCE FUNDING PROGRAM

During fiscal 1998-1999, the OLC rose to yet another challenge, playing a fundamentally critical role in assisting charities to meet their individual funding needs through the Advance Funding Program. The Corporation set the process in motion to distribute tens of millions of dollars to these charities on behalf of the Province of Ontario.

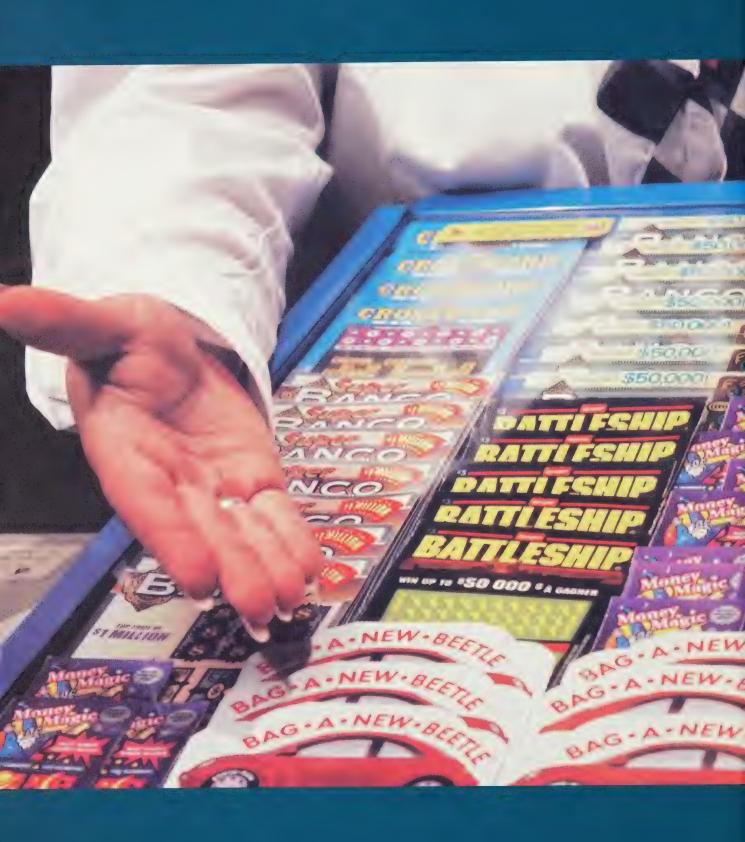
The fundraising landscape changed for charities on April 9, 1998, when the provincial government reaffirmed it was cancelling the three-day roving Monte Carlo events, a source of limited fundraising dollars for Ontario charities. At the same time, it created a one-time financial bridge of \$40 million for use by charities, which the OLC was mandated to administer in co-operation with local municipalities and First Nation Reserves. The monies were to provide charities with financial assistance until April 1, 1999, at which time charities in Ontario would have access to a guaranteed minimum of \$100 million a year to be distributed through The Ontario Trillium Foundation. Profits from the four pilot charity casinos would support the \$100-million fund.

The Advance Funding Program's \$40 million was more than four times larger than what was ever raised in a single year by the three-day roving Monte Carlo events. The one-time money would be distributed on a per capita basis as grants. Municipalities were responsible for submitting a roster of their local charities that were eligible, including the proposed share for each organization. Meanwhile, the OLC would distribute the funds directly to charities upon receipt and approval of the charity rosters submitted.

As of March 31, 1999, the deadline for submission of the Advance Funding rosters for the 1998-1999 fiscal year, charities applied for \$39.5 million or more than 98 per cent of the \$40-million fund. As at that date, 1,551 charity applications, totalling \$14.4 million, were approved for payment, of which 722 applications, totalling \$4.0 million, were paid. The remainder from the \$39.5 million applied for by charities will be paid in the new fiscal year.

The Ontario Budget of May 4, 1999 promised that the OLC will report in its 1998-1999 Annual Report on the specific charities that have received funding from the program. A complete list of the 1,551 charities begins on page "i" of this Annual Report.

50					of Laboratory of the Control of					
_ and tell (Miles alord)	1989-1990	1990-1991	1991-1992	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-199
Sales	1,319.6	1,350.8	1,406.3	1,665.3	1,886.1	1,941.8	2,118.4	2,066.7	2,177.2	2,194.
Prizes	619.4	639.9	674.2	808.8	941.5	958.1	1,087.2	1,030.3	1,075.0	1,073
Net Income	491.8	468.1	460.3	569.7	602.5	626.5	648.2	651.8	714.0	681.
Number of Game:	s 8	9			9	10	10	12	12	











Financial Objectives and Comparisons

Annual sales reached \$2.194 billion. Sales were below budget for on-line games, SPORT SELECT and SUPERSTAR BINGO by \$54.5 million, \$4.4 million and \$32.1 million respectively.

Within on-line products, lower sales volumes for LOTTARIO, DAILY KENO and LOTTO SUPER 7, were partially offset by increased sales in LOTTO 6/49, ONTARIO 49 and PICK-3

Overall INSTANT product sales were strong, surpassing budget by \$18.9 million and 1998 results by \$22.3 million.

SUPERSTAR BINGO sales were \$32.1 million below budget, as revenues from the progressive game did not meet expectations. SPORT SELECT products were \$4.4 million below budget due to lower OVER/UNDER sales.

The Windsor Raceway slot machine program contributed \$17.5 million in sales

Contribution Margin was over budget at 39.7 per cent, exceeding last year's margin of 39.3 per cent, a direct result of a \$15-million increase in bonus-prize funding and lower cash-prize costs.

The Prize Expense was \$1.074 billion or 48.9 per cent of sales compared to \$1.075 billion or 49.4 per cent last year.

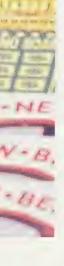
Cash-prize cost for INSTANT products was under budget. In addition, cash-prize expense for OVER/UNDER and POINT SPREAD was below budget due to better management of prize payout resulting from a reduction in professional wagering.

Operating Expenses decreased \$1.2 million or 1.3 per cent from 1997-1998 and were \$5.3 million or 6.3 per cent over budget.

Fixed Costs were \$1.8 million above last year's figure, but \$2.4 million under budget, resulting largely from lower brand marketing costs. Although dollar costs were higher in fiscal 1998-1999, costs were consistent with last year as a percentage of sales.

Marketing costs for LOTTO SUPER 7 were under budget \$1 million. This variance was partially offset by support for \$2 INSTANTS, INSTANT CRIBBAGE and INSTANT SUPER BATTLESHIP®.

Indirect Costs were \$5.1 million below budget for the year and \$8.0 million below last year. The most significant savings occurred in administration, personnel and depreciation, which collectively accounted for \$4.0 million of the variance. Corporate Transition activity contributed significantly to the savings in these areas, in particular the earlier-than-anticipated staff leaves, unfilled vacancies and some delays in acquiring capital assets relative to Transition initiatives.



Other Costs were \$49.5 million above last year and \$46.5 million over budget primarily due to Unusual Items – compensation to selected charity operations and the cancellation of the video lottery program. GST payments were \$1.1 million lower than planned due to lower operating costs, and charity payments trailed budget due to lower-than-expected sales volumes for SUPERSTAR BINGO.

Operating Income was \$8.9 million below budget, a direct result of lower sales volumes. Interest Income was \$2.2 million above budget due to higher-than-expected interest rates and a larger volume of funds to invest. Net Income Before Unusual Items was on target at \$733.1 million or 2.7 per cent higher than last year. Net Income was \$50.1 million below budget, resulting from lower sales and higher Other Costs.

The slot machine program at Windsor Raceway contributed \$6.6 million in Net Profit for the fiscal year, representing business activity from December 16, 1998 to March 31, 1999. The Net Win was \$17.5 million, approximately \$2.6 million ahead of plan. Net Profit was ahead of plan by \$3.0 million or 83.5 per cent due to higher Net Win revenue.

OLC Product Performance

On-line games operated by the OLC in fiscal 1998-1999 included LOTTO 6/49, LOTTO SUPER 7, ONTARIO 49, ENCORE, PICK-3, LOTTARIO, DAILY KENO, SUPERSTAR

	1998-1999			1998-1999		1997-199	
in the second se	Actuel Smillions % of sales		Objective Smillions % of sales		Actual S millions % of sales		
Sales	2,194.4	100.0	2,245.3	100.0	2,177.2	100.0	
Prizes	1,073.6	199	1,126.7	50.1	1,075.0	49.4	
Other Direct Expenses	250.8	n.	249.0	n i	246.7	n s	
Contribution Margin	870.0	35.7	873.6	38.8	855.5	39.3	
Operating Expenses	88.3	60	83.0	3.7	89.5	4/	
Operating Income	781.7	35.7	730.6	35.7	766.0	35.2	
Other Income and Expenses*	59.8	4.6	58.6	2.9	52.0	2.4	
Net Income	681.9	31.1	732.0	32.5	714.0	32.8	
Profits Available	and the second of the	12 JOHANN C	, market and				
to Province of Ontario	657.6	30.0	745.9	33.2	735.6	33.8	



BINGO, OVER/UNDER, PRO•LINE and POINT SPREAD. OVER/UNDER, PRO•LINE and POINT SPREAD are SPORT SELECT games.

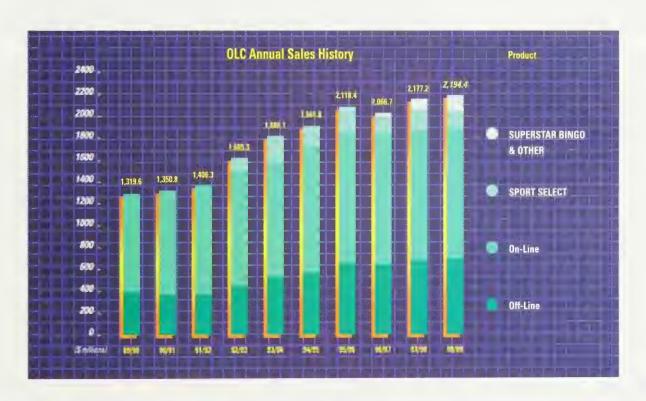
A total of 41 INSTANT games were also placed on the market, including 14 in the \$1 category and 17 in the \$2 category. In the \$3 category, the OLC offered INSTANT BINGO, INSTANT KENO, INSTANT MONOPOLY® GAME, INSTANT BATTLESHIP®, INSTANT CROSSWORD and INSTANT CRIBBAGE. In the \$5 category, the Corporation offered INSTANT SUPER BATTLESHIP®, STRIKE IT RICH! and two ONTARIO INSTANT MILLIONS games

LOTTO 6/49 sales at \$678.3 million were \$9.7 million or 1.4 per cent below budget, but 3.5 per cent ahead of last year, a result of more higher value jackpot rolls in fiscal 1998-1999. There were 41 jackpots above base this year compared to only 23 last year The additional jackpots consisted of seven \$5-million, eleven \$10-million and four bonus jackpots. A guaranteed jackpot strategy also contributed significantly to increased sales

LOTTO SUPER 7 sales declined \$50.4 million or 22.3 per cent compared to last year and trailed budget by \$43.2 million or 19.7 per cent due to decreased jackpot roll activity. Last year there were 17 jackpots above \$8.5 million, including two each at \$17 million and \$21 million, compared to four jackpots above \$8.5 million in fiscal 1998-1999 with two at \$10 million and one each at \$15 million and \$20 million.

Sales for on-line regional products were slightly below budget but up \$15.2 million or 4.3 per cent over last year due to ONTARIO 49 and ENCORE ONTARIO 49 being on







the market for the entire fiscal year, compared to only six months last year.

\$4.4 million or 2.2 per cent below budget and slightly below last year by \$2.4 million or 1.2 per cent. OVER/UNDER accounted for most of the variance. The SPORT SELECT budget assumed a two-week earlier start for the professional hockey season. POINT SPREAD was slightly over budget.

INSTANT \$1 sales were \$16.1 million or 36.7 per cent over budget due to INSTANT 6/49's strong performance. The budget called for three issues of INSTANT 6/49 in fiscal 1998-1999 but it remained on the market for the entire year due to strong sales, exceeding last year's performance by \$9.8 million or 19.5 per cent.

INSTANT \$2 sales were \$4.5 million or 3.9 per cent below budget and down \$23.3 million or 17.4 per cent from last year. Sales were expected to

Sales - Year Ended March 31			
(\$ millions)			
Control of the Contro	1998-1999	1998-1999	1997-1998
	Actual	Objective	Actua
LOTTO 6/49	£7 \$.3	688.0	655.0
ENCORE B/43	114.3	114.0	110:
LOTTO SUPER 7	175.0	2150	225
ENCORE SUPER 7	31.7	34.0	35.
LOTTARIO	55.0	40	bZ.
ONTARIO 49	37.2	47.0	27.
ENCORE ONTARIO 49	126	150	i.
Alck 3		45.0	45.
DAKY KENG	E4.5	62.0	66.
INSTANT	689.3	671.0	657
PRO • LINE	1427	144.0	141
OVER/UNDER	20.0	240	23.
POINT SPREAD	34.5	34.0	34
SUPERSTAR BINGO	\$9.5	roas	76.
Raceway Slot Machines	225		
	2,731,8	2,241.0	2,177.

decline in response to a strategy to market higher priced INSTANT tickets to players.

INSTANT \$3 sales were \$34.0 million or 9.6 per cent above budget, led by INSTANT CROSSWORD's strong performance. The addition of INSTANT CRIBBAGE also helped offset a decline in sales from INSTANT BINGO and INSTANT MONOPOLY® GAME.

INSTANT \$5 sales trailed budget by \$22.7 million or 14.9 per cent but were \$7.3 million or six per cent ahead of last year. With no hiatus occurring between launches, consumer interest in ONTARIO INSTANT MILLIONS was not as strong as in the past. In addition, sales for STRIKE IT RICH! did not meet expectations. Lower sales for these two products were partially offset by the introduction of INSTANT SUPER BATTLESHIP $^{\circledR}$.

Sales for SUPERSTAR BINGO were below budget by \$32.1 million or 32.1 per cent and down by \$8.2 million or 10.8 per cent from last year. Progressive game sales failed to meet expectations as the appeal for bingo declined in fiscal 1998-1999 and the number of participating halls was reduced to 183 compared to 195 last year.

The launch of the slot machine initiative at Windsor Raceway in December 1998 resulted in sales of \$17.5 million.



Achieving Operating Targets

Support for lotteries continued to be strong with an acceptance level of 77 per cent among Ontario adults.

Lottery players represented a cross-section of the general adult population and there was fairly equal play across all demographic categories, with some slight variations.

A greater percentage of current lottery players are in the 35 to 54 age group (43 per cent) compared to the total population (39 per cent).

Total household income is the same for lottery players (\$51,900) compared to the total population (\$51,900). This compares to respective incomes of \$50,380 and

\$50,080 in 1997-1998.

Per capita adult spending in Ontario amounted to \$248.04 in 1998-1999, equal to that of 1997-1998.

In 1998, lottery players represented 51.5 per cent of Ontario's adult population compared to 52.3 per cent in 1997.

Sales were projected to increase 3.3 per cent over last year and came in under target at \$2.194 billion for an increase of less than 1 per cent.

New product sales as a percentage of sales were 7.0 per cent compared to the target of 3.9 per cent and up from last year's actual of 3.0 per cent.

Prizes as a percentage of sales were 48.9 per cent in 1998-1999 compared to 49.4 per cent in 1997-1998.

Other Direct Expenses as a percentage of sales were very

close to target at 11.4 per cent, up slightly from last year's 11.3 per cent.

The Contribution Margin of \$870.0 million was \$14.5 million more than last year and only slightly above the 38.8 per cent target. The Contribution Margin in fiscal 1998-1999 was 39.7 per cent.

Operating Expenses as a percentage of sales was up to 4.0 per cent compared to the target of 3.7 per cent and last year's actual of 4.1 per cent.

At \$733.1 million, Net Income Before Unusual Items was up 2.7 per cent from last year Net Income was down 4.5 per cent from last year due to the Unusual Items – compensation to selected charity operations, and the cost associated with the cancellation of the video lottery program.

At \$657.6 million, Net Income Available to the Province was down 10.5 per cent from 1997-1998, below the target of 33.2 per cent.



OBC MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND INTERNAL CONTROL

The Ontario Lottery Corporation's consolidated financial statements are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. The financial information throughout the text of this *Annual Report* is consistent with the information presented in the consolidated financial statements.

In meeting its responsibility for the reliability and timelines of financial information, management has developed and maintains comprehensive internal accounting, operating and systems controls. These controls are designed to safeguard the Corporation's assets and maintain accountability for their use, and ensure compliance with regulatory requirements

An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit Committee of the Board of Directors. In addition, the Corporation employs external consultants who advise both management and the Board of Directors on the reliability and integrity of the Corporation's gaming and gaming support systems.

The Board of Directors oversees management's responsibilities for financial reporting and internal control through the Audit Committee. This committee reviews with management and the Provincial Auditor the content and format of the Corporation's consolidated financial statements and the adequacy of the Corporation's internal control before recommending approval to the Board of Directors.

The consolidated financial statements have been audited by the Provincial Auditor who was appointed pursuant to the *Ontario Lottery Corporation Act*. The Auditor's Report, which follows, outlines the scope of the Provincial Auditor's examination and opinion.

The Provincial Auditor, the Corporation's internal auditor and the external consultants reviewing our gaming system have full and free access to the Audit Committee to discuss their audits and related findings.

The Board of Directors, based upon the recommendations of the Audit Committee, has reviewed and approved the consolidated financial statements for the fiscal year ended March 31, 1999.

Ron D. Barbaro

Chair and Chief Executive Officer

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Vice President Finance & Administration and Chief Financial Officer





AUDITOR'S REPORT

To the Board of Directors of Ontario Lottery Corporation and to the Chair of Management Board of Cabinet

I have audited the consolidated balance sheet of Ontario Lottery Corporation as at March 31, 1999 and the consolidated statements of operations, cash flows, changes in due (to) from Province of Ontario and equity in capital assets for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario May 21, 1999 K.W. Leishman, CA

KW Leishman

Assistant Provincial Auditor

Office of the Provincial Auditor of Ontario



Bureau du vérificateur provincial de l'Ontario

CONSOLIDATED BALANCE SHEET As at March 31, 1999 (in thousands of dollars)

	1999	1998
	1333	1990
Assets		
Cash	108,531	3,582
Prize funds on deposit	49,137	68,410
Due from Interprovincial Lottery Corporation	-	2,439
Accrued interest	495	251
Accounts receivable	42,998	21,367
Due from Province of Ontario	-	44,835
Prepaid expenses	14,000	13,327
Pre-opening expenditures (Note 3)	8,074	-
Loans receivable (Note 7)	1,763	
Capital assets (Note 4)	73,663	49,449
	298,661	203,660
Liabilities and Equity		
Accounts payable and accrued liabilities (Note 5)	74,543	71,712
Prize funds unclaimed (Note 6)	49,137	68,410
Due to Interprovincial Lottery Corporation	4,103	-
Due to Province of Ontario	78,315	-
Due to Government of Canada	9,428	2,217
Deferred income	9,472	11,872
Equity in capital assets	73,663	49,449
	298,661	203,660

Commitments (Note 7)

The Year 2000 (Note 12)

On behalf of the Board:

Ron D. Barbaro, Chair

Joanne DeLaurentiis, Director

CONSOLIDATED STATEMENT OF OPERATIONS For the year ended March 31, 1999 (in thousands of dollars)

	1999	1998
Sales	2,194,390	2,177,198
Direct expenses		
Prizes	1,073,605	1,074,950
Commissions	162,328	158,829
Brand marketing	31,523	27,781
Ticket printing and terminal operation	46,568	50,050
Amortization of capital assets - direct	10,412	10,029
	1,324,436	1,321,639
Sales less direct expenses	869,954	855,559
Operating expenses		
Administration and other	76,114	76,883
Amortization of capital assets - indirect	11,798	12,611
Amortization of pre-opening expenditures	347	
	88,259	89,494
Income from operations	781,695	766,065
Other income (expense):		
Interest income	4,945	3,268
Payments to charitable organizations (Note 9)	(14,639)	(17,320)
Payments to Government of Canada (Note 10)	(38,949)	(37,989)
	(48,643)	(52,041)
Net income before the undernoted	733,052	714,024
Unusual items (Note 11)	(51,193)	
Net income	681,859	714,024

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 1999 (in thousands of dollars)

	1999	1998
Cash derived from (applied to):		
Operating activities:		
Mariana		
Net income	681,859	714,024
Amortization of capital assets	22,210	22,640
Amortization of pre-opening expenditures	347	·
	704,416	736,664
Change in non-cash operating items:		
Due from Interprovincial Lottery Corporation	6,542	4,628
Accrued interest	(244)	687
Accounts receivable	(21,631)	9,321
Prepaid expenses	(673)	(4,225)
Pre-opening expenditures	(8,421)	-
Accounts payable and accrued liabilities	2,831	(2,536)
Due to Government of Canada	7,211	(4,888)
Deferred income	(2,400)	2,323
	(16,785)	5,310
	687,631	741,974
Financing and investing activities:		
Payments to Province of Ontario	(534,495)	(737,000)
Loans receivable issued	(1,763)	-
Capital expenditures	(46,424)	(1,056)
	(582,682)	(738,056)
Net increase in cash	104,949	3,918
Cash (Bank overdraft), beginning of year	3,582	(336)
Cash, end of year	108,531	3,582

CONSOLIDATED STATEMENT OF CHANGES IN DUE (TO) FROM PROVINCE OF ONTARIOFor the year ended March 31, 1999 (in thousands of dollars)

	1999	1998
Net income	681,859	714,024
Add (deduct):		
Amortization of capital assets	22,210	22,640
Capital expenditures	(46,424)	(1,056)
	(24,214)	21,584
Current year amount due	657,645	735,608
Payments to Province of Ontario	534,495	737,000
Amount due less payments	(123,150)	1,392
Due from Province of Ontario, beginning of year	44,835	43,443
Due (to) from Province of Ontario, end of year	(78,315)	44,835

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF EQUITY IN CAPITAL ASSETS For the year ended March 31, 1999 (in thousands of dollars)

	1999	1998
Balance, beginning of year	49,449	71,033
Add: Capital expenditures	46,424	1,056
Deduct: Amortization of capital assets	22,210	22,640
Balance, end of year	73,663	49,449

1. Nature of the Corporation

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the *Ontario Lottery Corporation Act* (OLCA).

The Corporation is responsible for the conduct and management of lottery games in Ontario. The LOTTARIO, INSTANT, ENCORE, PICK-3, DAILY KENO, ONTARIO 49, PRO•LINE, OVER/UNDER and POINT SPREAD lotteries are conducted solely by the Corporation, whereas the LOTTO SUPER 7 and LOTTO 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation. The SUPERSTAR BINGO game is conducted and managed by the Corporation in conjunction with private and charitable organizations in Ontario.

The Corporation is also responsible for the conduct and management of charity casinos and slot machine programs at racetracks in Ontario.

2. Significant accounting policies

(a)Basis of consolidation

The consolidated financial statements include the accounts of the Ontario Lottery Corporation and its 100% owned subsidiary, OLC Services Limited, which was incorporated September 4, 1998. OLC Services Limited was established to purchase capital assets, which are leased to the parent corporation.

(b)Capital assets

Major capital expenditures with a future useful life beyond the current year are capitalized at cost and are amortized on a straight-line basis according to their estimated useful lives, as follows:

Buildings	25 years
Furniture and fixtures	10 years
Leasehold improvements	5 years
Lottery game assets	3 to 10 years
Charity casino and racetrack	
slot machine gaming assets	5 years

Capital assets are amortized when brought into operations.

(c)Revenue recognition

Revenues for LOTTARIO, ENCORE, PICK-3, DAILY KENO, ONTARIO 49, LOTTO SUPER 7 and LOTTO 6/49 are deferred on ticket sales and recognized when the draw takes place. For PRO•LINE, OVER/UNDER, POINT SPREAD and SUPER-STAR BINGO, revenues are recognized when the ticket is sold to the consumer. Revenues for INSTANT games are recognized when the ticket is distributed to the retailer. Tickets issued as a result of the redemption of free ticket prizes are not recorded as sales.

Gaming revenue from slot operations represents the net win from gaming activities, which is the difference between amounts earned through gaming wagers less any payouts from those wagers.

(d)Pre-opening expenditures

Certain expenditures, consisting of compensation, consulting and other costs incurred in connection with the development and opening of racetrack slot operations and charity casinos, are deferred and amortized over a three-year period.

(e)Foreign currency transactions

Monetary assets and liabilities are translated at the yearend exchange rates except for amounts covered by forward and spot contracts, where the amount of the contract is used. Statement of operations items are translated at the rate of exchange in effect at the transaction date. Transaction gains and losses are included in income in the period in which they arise.

(f)Use of estimates

In conformity with generally accepted accounting principles, management of the Corporation has made a number of estimates and assumptions relating to the reporting of assets and liabilities, and the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reported period to prepare these financial statements. Actual results could differ from those estimates.

3. Pre-opening expenditures

Pre-opening expenditures consist of:			
			1999
		Accumulated	Net Book
	Cost	Amortization	Value

Charity casino program 1,074 - 1,074
Racetrack slot machine program 7,347 347 7,000
8,421 347 8,074

The Corporation is committed to the establishment of four charity casinos and seventeen slot machine programs at racetracks, all of which are scheduled to be in operation by December 31, 2000. The anticipated cost of completing these facilities is estimated at approximately \$644.4 million.

4. Capital assets

In	0	n	01	-2	11	0	n	-

			1999	1998
		Accumulated	Net Book	Net Book
	Cost	Amortization	Value	Value
Land	260	-	260	260
Building	1,289	633	656	707
Furniture and fixtures	10,216	7,031	3,185	3,702
Leasehold improvements	4,578	2,584	1,994	318
Lottery game assets	154,971	124,895	30,076	44,462
Charity casino and racetrack				
slot machine gaming assets	5,900	291	5,609	-
	177,214	135,434	41,780	49,449

Not in operation:

riot in operation				
			1999	1998
		Accumulated	Net Book	Net Book
	Cost	Amortization	Value	Value
Land	6,802	-	6,802	-
Building	7,031	-	7,031	-
Furniture and fixtures	6	-	6	-
Charity casino and racetrack				
slot machine gaming assets	18,044	-	18,044	-
,	31,883	-	31,883	
	209,097	135,434	73,663	49,449

5. Provision for restructuring costs

The Corporation has provided for restructuring costs as required by the Role and Mandate Review conducted by the Ministry of Economic Development, Trade and Tourism. The estimated cost of the restructuring program consists primarily of employee severance, consulting costs, contract termination costs and costs associated with the restructuring initiatives.

At March 31, 1999, \$17,312,000 (1998 - \$26,346,000) is included in Accounts payable and accrued liabilities in the Balance Sheet.

6. Prize funds unclaimed

Prize funds unclaimed is represented by:

- i) Unclaimed prize funds (net) represents the net prizes anticipated to be claimed in the next year for draws and INSTANT games launched on or after April 1, 1998. This amount includes the gross estimate for prizes outstanding less an estimate for prizes not expected to be claimed by players. Effective April 1, 1998, unclaimed and expired funds will benefit the people of Ontario in a broader variety of ways, including possible prizes and bonus draws for players.
- ii) Unclaimed prize funds represents total prizes available to be claimed in the next year for draws and INSTANT games launched prior to March 31, 1998.
- iii) Unclaimed expired prize funds represents expired prize funds for draws and INSTANT games launched prior to March 31, 1998, reserved for redistribution to the players through prizes and bonus draws.

The prize funds unclaimed consist of:

	1999	1998
Unclaimed prize funds (net)	37,233	_
Unclaimed prize funds	-	50,450
Unclaimed expired prize funds	11,904	17,960
	49,137	68,410

7. Commitments

i) Obligations under operating leases
 The Corporation has entered into several office space leases in various locations in Ontario. The future minimum lease

payments are approximately as follows:

	42,321
Thereafter	23,248
	19,073
2004	3,263
2003	3,263
2002	3,834
2001	4,100
2000	4,613

ii) Suppliers

The Corporation has computer hardware and maintenance agreements with annual payments for each of the next two years approximately as follows:

2000		1,800
2001		290

iii) Loans receivable

During the year, the Corporation committed to loan funds to two racetracks for the purposes of renovating their buildings to accommodate the Corporation's slot operations. The loans bear interest at the bank's prime rate and are repayable over five to six years. The amounts will be recovered from withholding of the net win from slot operations, which would otherwise be payable to the racetrack under an agreed upon commission structure. Total loans committed to at year end are as follows, of which \$1,763,000 was distributed prior to year end:

	22,000
Holdings Limited	17,000
Rideau Carleton Raceway	
Hiawatha Horse Park	5,000

iii) Loans receivable (continued)

Subsequent to year end, the Corporation committed to loan funds to three additional racetracks for the purposes of renovating their buildings to accommodate the Corporation's slot operations. The total of amounts committed are as follows:

	34.000
Kawartha Downs Limited	7,000
Fort Erie Raceway	22,000
Western Fair Association	5,000

In addition, the Corporation has committed to lease one property with respect to a charity casino.

iv) Foreign exchange contracts

The Corporation has entered into certain foreign exchange contracts, with maturities of less than one year, to manage risks associated with foreign currency exchange rates. As at March 31, 1999, the Corporation held US\$4,717,000 in forward and spot contracts at rates ranging between 1.511 and 1.546, which represents an estimated future cost to the Corporation of \$7,258,000 on execution. These contracts expire at various dates to June 15, 1999.

8. Pension plan

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$2,047,000 (1998 – \$3,388,000) and is included in Administration and other in the Statement of Operations. The 1998 amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities.

9. Payments to charitable organizations

Payments to charitable organizations are made under an agreement dated November 8, 1996, between the Corporation, the Provincial Bingo Charitable Activities Association and the Registered Gaming Suppliers of Ontario. The agreement stipulates that a distribution of sales be made to the charitable organizations participating in the SUPERSTAR BINGO game.

10. Payments to Government of Canada

The Corporation made the following payments to the Government of Canada:

	1999	1998
Payment on behalf of		,
the Province of Ontario	20,142	19,956
Goods and Services Tax	18,807	18,033
	38,949	37,989

(a) Payment on behalf of the Province of Ontario

The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 between the Provincial Governments and the Government of Canada. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

(b)Goods and Services Tax

Goods and Services Tax (GST) payments are made under a specific formula on all expenditures, including retailer commissions and excluding payroll costs, payments to charitable organizations and payments to municipalities. This tax is in lieu of the collection of GST on lottery ticket and gaming sales from the consumer.

In addition, the Corporation also pays GST on its expenditures, excluding payroll costs, retailer commissions and certain capital expenditures, at point of purchase. These payments are not recoverable and are included in the respective accounts.

11. Unusual items

On April 9, 1998, the Province of Ontario assigned the conduct and management of charity casinos and a slot machine program at racetracks to the Corporation. Prior to this, certain operators incurred costs with respect to the establishment of charity casinos in Ontario. The Province of Ontario cancelled the charity casino program on June 26, 1998, and the Corporation undertook to make payment to the selected operators for certain costs. Consequently, the Corporation, on behalf of the Province of Ontario, entered into discussions with the operators to discuss compensation which, to date, has totalled approximately forty million dollars, exclusive of applicable taxes and expenses.

In addition, the Corporation incurred approximately two and one-half million dollars related to the video lottery program that was cancelled on April 9, 1998. These costs, because of their nature, have no ongoing tangible value to the Corporation and as a result have been charged to the income statement.

12. The Year 2000

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Datesensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. The Corporation has developed and is implementing a process involving a phased approach designed to mitigate the expected effects of the Year 2000 issue on the Corporation. The phases of the plan, which address Year 2000 readiness of the Corporation's computer systems, and of third parties such as suppliers and others. include planning and awareness, inventory, testing, resolution and contingency planning. As at March 31, 1999, the Corporation has commenced all phases of the plan, which are intended to modify, retire or replace any computer systems identified to date which are not Year 2000 ready. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Corporation, including those related to the efforts of suppliers, or other third parties, will be fully resolved.

BOARD OF DIRECTORS - ONTARIO LOTTERY CORPORATION

Ron D. Barbaro, Chair (starting November 25, 1998) Thomas Reid (until November 25, 1998) Joanne DeLaurentiis (starting January 27, 1999) Sharon Paul (starting January 27, 1999) Nicholas Perpick (starting January 27, 1999) Gary Reinblatt (starting January 27, 1999) Gerald Huck (starting January 27, 1999) Peter Cobbold (starting January 27, 1999) Guy Cogan (until March 9, 1999) Dan LaCaprara (until January 4, 1999) Thom Bennett (until December 28, 1998) Bruce Reid Robert Welch Francine McMullen Richard A. Raymond Elaine Foster (until November 4, 1998)

As a provincial agency, the OLC complies with the province's Public Sector Disclosure Act, 1996. The Act requires government agencies to disclose on an annual basis, the names, positions, salaries and taxable benefits of employees paid \$100,000 or more a year. The list for fiscal 1998-1999, with salaries and benefits, respectively is as follows: Garth Manness, President, \$133,968.80, \$27,379.82; Earl Dalton, Vice President Finance and Administration, \$122,431.84, \$7,694.29; Joseph R. St-Amour, Vice President Information Systems and Technology, \$122,431.84, \$6,355.75; Walter Fioravanti, Vice President Corporate Services, \$120,675.70, \$9,506.30; George Sweny, Vice President Sales and Business Unit, \$119,373.54, \$8,036.74; Thomas Marinelli, Transition Team Leader, \$111,983.77, \$268.20; Michael DiAngelo, Director Human Resources, \$110,814.12, \$268.20; Brian Palmer, Benefit Team Leader, \$109,099.34, \$268.20; Josephine Stewart, Vice President Corporate Communications, \$108,358.10, \$8,288.13; Ken Barnett, Relationship Manager Finance, \$106,396.53, \$242.04; Nola Kassam, Relationship Manager Information Technology, \$103,613.89, \$244.42; Robert Longman, Sales and Distribution Transition Team Leader, \$100,292.80, \$8,148.98.

Members of the OLC Board of Directors received per diems totalling \$57,450 in 1998-1999.



An agency of:



Management Board Secretariat Contact Centre – Consumer Inquiries 1-800-387-0098 TDD 1-800-563-5357

WIN! Line – Winning Numbers and Information (416) 870-UWIN (8946)

Ontario Problem Gambling Helpline 1-888-230-3505



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Advance Funding Program - Recipient Charities

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Advance Funding Program - Recipient Charities

In fiscal 1998-1999, the provincial government assigned to the OLC the responsibility of administering a one-time \$40-million Advance Funding Program to charities. The fund was designed to bridge any fundraising gap that might occur due to the cancelling of the three-day roving Monte Carlo events and the start-up of the pilot charity casinos.

To ensure that the public has full access to information on the use of revenues from charity gaming, the OLC was mandated to list in its 1998-1999 Annual Report the specific charities that have received grants from the \$40-million Advance Funding Program. By March 31, 1999, \$39.5 million, more than 98 per cent of the \$40 million, was applied for by charities across the province. A total of 1,551 charity applications, representing \$14.4 million, were either approved for payment or paid by the end of the fiscal year. The remaining funds from the \$39.5 million will be paid in 1999-2000.

What follows is a complete list of the 1,551 approved charities receiving funds to date.

ADELAIDE (TP)	7,021.00	Canadian Cystic Fibrosis Foundation	779.00
Optimist Club of Adelaide-Metcalfe	7,021.00	Crime Stoppers of Wellington County Inc.	779.00
	054.00	ADTIND (IA)	7,000,00
AILSA CRAIG (V)	964.00	ARTHUR (V)	7,900.00
Ailsa Craig & District Historical Society	964.00	Arthur Minor Softball Association	2,800.00
		Big Brothers Association of Guelph & Wellington County	1,800.00
AJAX (T)	219,137.27	Crime Stoppers of Wellington County	1,500.00
Ajax Aquatic Club Inc.	5,000.00	Wellington County Learning Centre	1,800.00
Ajax, Pickering & Whitby Association			
for Community Living	42,306.00	ASPHODEL-NORWOOD (TP)	5,370.00
Big Sisters Association of Ajax—Pickering	15,602.48	Crime Stoppers of Peterborough Northumberland Inc.	500.00
	5,000.00	Kinark Child & Family Services	100.00
Building Better Lives	7,500.00	Norwood & District Figure Skating Club	2,070.00
Catholic Family Services of Durham		Norwood & District Figure Skating Club Norwood & District Minor Softball Association	2,100.00
Choices Childbirth Education & Labour Support Services	10,000.00		500.00
Distress Centre of Durham Region Inc.	7,500.00	Senior Citizens Council of Peterborough	
Durham Region Community Care Association	3,000.00	YWCA of Peterborough Victoria & Haliburton	100.00
Grandview Children's Foundation	30,000.00		
Hospice Durham	10,000.00	ATHENS (V)	2,046.00
John Howard Society	7,500.00	1st Athens Scouts	566.00
Kinsmen Club of Ajax	25,165.00	Brockville, Leeds & Grenville Branch	
Rotary Club of Ajax	20,000.00	Home Support Program Athens	410.00
Social Development Council of Ajax, Pickering	16,478.49	Pineview School Council	1,070.00
The Canadian Red Cross Society Region			
of Durham Branch	7,185.30	ATIKOKAN (TP)	14,933.00
Village Arts & Crafts Club	6,900.00	Atikokan General Hospital	4,977.66
Village Arts & Clarts Clab	0,500.00	Atikokan Native Friendship Centre	4,977.66
ALDEMARIE (TD)	500.00	Atikokan & District Association for Developmental Services	
ALBEMARLE (TP)		Attroval a district Association for Developmental Service.	, 4,577.00
Ontario Lung Association	100.00	DADDIE (C)	264,794.20
Pegasus Riding Association Nurturing Challenged Equesi	100.00	BARRIE (C) Alzheimer Society of Greater Simcoe County	8,242.65
The Canadian Hearing Society	100.00		
		Andrew Hunter Elementary School	8,242.65
ALICE & FRASER (TP)	10,154.00	Barrie Blades Precision Skating Teams	18,242.65
Canadian Cystic Fibrosis Foundation Ottawa Chapter	5,077.00	Barrie Kempettes Gymnastics Club	9,242.65
Canadian Diabetes Association Pembroke & District Bran	ich 5,077.00	Barrie Native Friendship Centre	8,242.65
		Barrie & District People with Special Needs	8,242.65
ANCASTER (T)	15,000.00	Big Brothers Association of Barrie & District	8,242.65
Jewish Community Centre Hamilton		Big Sisters Association of Barrie & District	9,242.65
Jewish Communal Projects O/A	15,000.00	Brain Injury Services of Simcoe County Inc.	8,242.65
, , , , , , , , , , , , , , , , , , ,		Canadian Cystic Fibrosis Foundation	
ANSON, HINDON & MINDEN (TP)	12,776.00	Toronto & District Chapter	3,242.65
Haliburton Highlands Health Services	12,776.00	Canadian Mental Health Association Barrie-Simcoe Branch	
Hallburton Highlanus Health Services	12,770.00	Community Food Foundation of Barrie Inc.	8,242.65
ARMOUR (TR)	2 704 00		8,242.65
ARMOUR (TP)	3,784.90	Crime Stoppers of Simcoe-Dufferin-Muskoka	8,242.65
East Parry Sound Community Policing Advisory Committee		Environmental Action Barrie	
Fibromyalgia Society of Ontario Inc.	811.05	Hospice Simcoe Inc.	12,242.65
Huntsville District Memorial Hospital Foundation	1,081.40	Huronia Assoc. for the Advancement of the	
Katrine Community Centre Club	1,622.10	Hearing Impaired Inc.	8,242.65
		Kinark Child & Family Services	3,242.65
ARMSTRONG (TP)	5,164.00	Ontario Special Olympics	3,242.65
Fondation communautaire du Témiscamingue	5,164.00	Saint Elizabeth Health Care	3,242.65
		Seasons Centre for Grieving/Traumatized Children	15,242.65
ARNPRIOR (T)	13,135.99	Simcoe Alcohol & Drug Education	
Arnprior Family Preschool Resource Centre	1,876.57	Services Inc. O/A Recovery Resource Ctr	8,242.65
Amprior & District Child Care Services	1,876.57	Skills Canada-Ontario Compétences Canada-Ontario	8,242.65
Amprior & District Crind Care Services Amprior & District Humane Society	1,876.57	The Aids Committee of Simcoe County	8,242.65
		The Elizabeth Fry Society of Simcoe County	15,242.65
Autism Society Ontario Renfrew Regional Chapter	1,876.57		
Canadian Cystic Fibrosis Foundation Ottawa Chapter	1,876.57	The Georgian College Foundation	3,242.65
Knights of Columbus	1,876.57	The Simcoe County Assoc. for the Physically Disabled	37,242.65
Land Preservation Society of the Ottawa Valley	1,876.57	The Women & Children Crisis Centre in Barrie	8,242.65
		United Way Barrie-South Simcoe	8,242.65
ARTHUR (TP)	5,060.00		
Arthur Minor Softball Association	3,502.00		

BAY OF QUINTE (R) Mohawks of the Bay of Quinte Recreation Program	7,853.00 7,853.00	BOSANQUET (T) Optimist Club of Ausable Port Franks	4,945.50 4,945.50
BECKWITH (TP)	20,296.00	BRANTFORD (TP)	6,000.00
Big Brothers/Big Sisters of Lanark County	3,299.33	Brant County Lung Association	2,000.00
Canadian Cystic Fibrosis Foundation-Ottawa Chapter	500.00	Community Resource & Employment Service (Brantford)	2,000.00
Lanark Children's Haven	3,299.35	The O.S.P.C.A. (Humane Society)	2.000.00
Lanark County Reading Network	3,299.33	, , , , , , , , , , , , , , , , , , , ,	2,000.00
Lanark County Therapeutic Riding Program	3,299.33	BRIGHTON (T)	9,731.00
Mississippi Little League	3,299.33	Brighton Lions Club	2,000.00
United Way of Lanark County	3,299.33	Brighton Lions Club (Easter Seals)	231.00
		Campbellford & District Association for Community Living	500.00
BELLEVILLE (C)	72,651.94	Northumberland County Community Care	2,500.00
Belleville General Hospital Foundation Inc.	9,048.84	Parent-Child Resource Centres for Northumberland County Inc	500.00
Belleville Minor Hockey Association	2,693.50	Rotary Club of Brighton	2,000.00
Belleville Spirits Basketball Club	1,341.10	Save Our Heritage Organization	2,000.00
Central Volunteer Bureau of Belleville Inc.	2,228.61		
Family YMCA of Belleville	2,017.30	BROCK (TP)	7,000.00
Knights of Columbus 10280 Service Club	5,192.80	Alzheimer Society of Durham Region	2,000.00
Ontario Lung Association	3,327.45	Grandview Children's Foundation	2,000.00
Quinte Arts Council	18,110.52	North Durham Hospice	2,000.00
Quinte Community Learning Bridging the Gap	3,073.87	The Cellar Singers	1,000.00
Quinte Cultural Centre at Belleville Collegiate Institute	876.20		
Quinte Literacy Group	664.89	BROOKE (TP)	2,286.33
Quinte Rowing Club Inc.	2,313.14	Four Counties Health & Services Foundation	2,286.33
Quinte Therapeutic Riding Association	2,/35 77		
The Canadian National Institute for the Blind	3,327.45	BRUCE (TP)	4,751.00
Wellington Junior Hockey Club	15,700.50	Alzheimer Society of Grey-Bruce	881.00
		Canadian Cystic Fibrosis Foundation —	
BENTINCK (TP)	1,000.00	Kitchener/Waterloo District Chapter	870.00
Durham Art Gallery	1,000.00	PRANCE, Pegasus Riding Association	3,000.00
BEXLEY (TP)	912.00	BRUSSELS (V)	277.00
Community Care Victoria County	912.00	Alzheimer Society of Huron Jacob Memorial Building	277.00
BICROFT (TP)	2,342.00	BURFORD (TP)	13,677.13
Haliburton Highlands Health Services Corp.	1,542.00	Burford Co-Operative Preschool Corp.	2,358.58
S I.R.C.H.	800.00	Burford District Optimist Club	2,653.29
	000100	Burford Lioness Club	2,358.58
BIDDULPH (TP)	8,155.00	Burford Lions Club	2,948.10
Lucan District Lions Club	8,155.00	Canadian Cystic Fibrosis Foundation Hamilton Chapter	250.00
	0,100100	Canadian Diabetes Assoc. Brantford & Dist. Branch	250.00
BLANDFORD-BLENHEIM (TP)	12,240.00	Crime Stoppers of Brantford Inc.	250.00
Plattsville Figure Skating Club	3,060.00	O.S.P.C.A. Brantford Branch	250.00
Plattsville & District Minor Hockey Association	3,060.00	The Burford Junior "D" Bulldogs	2.358.58
Princeton & District Museum & Library Assoc.	3,060.00	The service service services	2,030.30
St. Francis Catholic School Council	3,060.00	BURK'S FALLS (V)	1,822.00
	-,	Armour Ryerson & Burk's Falls Agricultural Society	364.00
BLUE MOUNTAINS (T)	12,000.00	Burk's Falls Lion's Club	912.00
Collingwood General & Marine Hospital Foundation	6,000.00	Huntsville & District Memorial Hospital Found.	546.00
Meaford Hospital Auxiliary	6,000.00	Transaction of a service monthly mapping and a service monthly map	
,	,	BURLEIGH-ANSTRUTHER-CHANDOS (TP)	5,200.00
BLYTH (V)	3,660.00	Crime Stoppers of Peterborough Northumberland Inc.	2,500.00
Blyth Lions Club Inc.	3,660.00	Senior Citizens Council Peterborough	2,500.00
		Y.W.C.A. of Peterborough, Victoria & Haliburton	200.00
BOBCAYGEON (V)	4,067.20	J	
A. Sheila Boyd Foundation	2,033.60	CALDWELL (TP)	1,500.00
Victoria County Community Care Services for Seniors	2,033.60	Paroisse St. Jean Baptiste	1,500.00
BONFIELD (TP)	3,259.50	CALEDON (T)	47,845.00
Bonfield Family Life Centre	3,259.50	Big Sisters of Peel	5,000.00
, and a second	-,	Caledon Agricultural Society	9,500.00
			,

LEGEND: C - CITY, T - TOWN, TP - TOWNSHIP, V - VILLAGE, R - FIRST NATION RESERVE, DA - DEVELOPMENT AREA

	F 000 00	CHALK BIVED (V)	1,198.50
Caledon Parent-Child Centre	5,800.00	CHALK RIVER (V) Chalk River & Area Lions Club	1,198.50
Caledon Victim Services	5,500.00	Chair River & Area Lions Club	1,130.30
Family Services of Peel	5,385.00	CHATCWORTH (W)	482.00
Family Transition Place (Dufferin)	2,160.00	CHATSWORTH (V)	482.00
Hospice Caledon	2,000.00	Chatsworth Community Skating Club	402.00
Peel Children's Centre	12,500.00	CHECKEY (M)	7,032.00
	20.000.00	CHESLEY (V)	7,032.00
CAMBRIDGE (C)	38,000.00	The Kinsmen Club of Chesley Inc.	7,032.00
Boy Scouts of Canada South Waterloo District Council	5,000.00	CLARINGTON (T)	20 002 00
Cambridge Ringette Association	3,000.00	CLARINGTON (T)	30,883.00
Family Crisis Shelter (Women's Crisis Services)	30,000.00	Clarington Concert Band	5,000.00 5,000.00
	43.000.00	Clarington Minor Hockey Association	,
CAPREOL (T)	12,098.00	Grandview Children's Foundation	5,000.00 2,000.00
Canadian Cystic Fibrosis Foundation	98.00	The Canadian Red Cross Society	13,883.00
Capreol Lion's Club	8,000.00	The Visual Arts Centre of Clarington	13,003.00
Northern Ontario Railroad Museum & Heritage Centre	3,000.00	CHECORD (M)	900.00
Royal Canadian Legion	1,000.00	CLIFFORD (V)	900.00
	4.630.00	Clifford Minor Hockey Association	900.00
CARDEN (TP)	1,638.00	CLINITON (T)	1 022 00
Brechin District Lions Club	1,638.00	CLINTON (T)	1,822.00 100.00
	2 707 00	Huron Adult Day Centre	1,722.00
CARDIFF (TP)	2,707.00	Lions Club of Clinton	1,722.00
Haliburton Highlands Health Services	1,353.50	COLDODNIE /TD\	1,000.00
Supportive Initiatives County of Haliburton	1,353.50	COLBORNE (TP) Alzheimer Society of Huron County Inc.	1,000.00
CARLETON BLACE (T)	24 240 00		500.00
CARLETON PLACE (T)	31,210.00	Jacob Memorial Bldg.	500.00
Big Brothers/Big Sisters of Lanark County	1,000.00	Big Sisters of Goderich & District	300.00
Carleton Place Canoe Club	2,000.00	COLCHESTER NORTH (TP)	6,330.00
Carleton Place Minor Hockey Association	2,000.00	Canadian Diabetes Association	2,110.00
Carleton Place Sr Citizen Information/Support Centre	1,000.00	Essex County Steam & Gas Engine Club	2,110.00
Carleton Place & District Memorial Hospital Aux.	1,000.00 15,000.00	Essex County Steam & Gas Engine Clab Essex & District Social Planning Council Inc.	2,110.00
Carleton Place & District Youth Centre	1,000.00	Essex & District Social Claiming Council Inc.	2,110.00
Lanark County Interval House	2,000.00	COLCHESTER SOUTH (TP)	7,197.00
Makos Swim Club	2,000.00	Youth Action Committee of Harrow & Colchester South	7,197.00
Mississippi Little League Baseball Inc. Mississippi Mudds of Carleton Place Inc.	3,210.00	Todit Action Committee of Harrow & Colchester Journ	7,137.00
	1,000.00	CORNWALL (C)	163,692.00
Navy League of Canada Lanark Branch	1,000.00	Association des scouts du Canada -	103,032.00
CARLOW (TR)	250.00	Fédération du district de l'Ontario	6,287.19
CARLOW (TP) Canadian Cystic Fibrosis Foundation	250.00	Canadian Cystic Fibrosis Foundation Cornwall Chapter	628.72
Peterborough Chapter	250.00	Canadian Diabetes Association	6,287.19
reterborough Chapter	230.00	Canadian Red Cross Stormont Dundas & Glengarry Bran	,
CAVAN-MILLBROOK-NORTH MONAGHAN (TP)	7,500.00	Centre Charles-Émile Claude	75.00
Alzheimer Society of Peterborough	500.00	Centre polyvalent des aîné(e)s inc.	1,257.44
Crime Stoppers of Peterborough Northumberland Inc.	4,000.00	Centre d'action bénévole Stormont,	1,237111
Kinark Child & Family Services	500.00	Dundas & Glengarry Volunteer Centre	6,287.19
Senior Citizens Council Peterborough	500.00	Centre des services de développement	0,20,,15
The Canadian Red Cross	500.00	pour Stormont, Dundas et Glengarry	8,802.07
United Way of Peterborough & District	1,000.00	Community Living Stormont County	8,802.07
YWCA of Peterborough Victoria & Haliburton	500.00	Cornwall Figure Skating Club	628.72
TWEA OF FEEDOLOUGH VICTORIA & Hallbarton	300.00	Cornwall General Hospital Auxiliary	75.00
CENTRAL ELGIN (TP)	12,000.00	Cornwall General Hospital Foundation	12,574.39
Alzheimer Society of Elgin-St. Thomas	6,000.00	Cornwall Wheels to Meals	6,287.19
Canadian Cystic Fibrosis Foundation London Chapter	6,000.00	Cornwall & District Immigration Services Agency	75.00
candidit eysteriorosis roundation condon chapter	5,000,00	Festimonde Cornwall Worldfest	5,029.76
CENTRE HASTINGS (TP)	3,791.00	Foster Parents	5,029.76
Big Brothers/Big Sisters of Centre Hastings	1,897.00	Golden Opportunities for Youth Inc.	2,514.88
Madoc & District Minor Sports	1,894.00	J'aime apprendre inc.	6,287.19
made a platie mile sports	1,00 1100	Kiwanis Club of Cornwall Inc.	6,287.19
CENTRE WELLINGTON (TP)	6,348.00	SFOHG La Régionale St-Laurent inc.	5,029.76
Canadian Diabetes Association -	-,	Mouvement des personnes limitées intellectuellement	3,772.32
Guelph & South Wellington Branch	3,170.00	Navy League of Canada Cornwall Branch	6,287.19
St. Mary School Council	3,178.00	Partir d'un bon pas Groupe d'action communautaire	7,544.63
		,	

LEGEND: C - CITY, T - TOWN, TP - TOWNSHIP, V - VILLAGE, R - FIRST NATION RESERVE, DA - DEVELOPMENT AREA

Religious Hospitalliers St. Joseph Health Centre Service de formation, orientation,	8,802.07	of Haldimand-Norfolk Inc. Canadian Cystic Fibrosis Foundation	2,556.49
référence et counselling d'emploi	3,772.32	Kitchener/Waterloo Chapter	1,434.36
Softball Cornwall	8,802.07	Canadian Diabetes Assoc. Haldimand-Norfolk	
S.D.&G. Historical Society The Optimist Club of Cornwall	5,029.76 6,287.19	Community Group	2,216.70
The Stormont, Dundas & Glengarry	0,207.19	Canadian Mental Health Association Haldimand-Norfolk Children's Aid Society of Haldimand-Norfolk	785.63
Akwesasne Children's Treatment Centre	12,574.39		2,676.20
United Way of Cornwall and District	12,574.35	Crime Stoppers of Haldimand-Norfolk & Tillsonburg Inc.	2,091.15
Officed way of Coffiwall and District	12,374.33	Dunnville Agricultural Society Dunnville District Heritage Association	3,128.41
COUNTY OF PRINCE EDWARD (C)	75,808.00	Grand River Antique Society	3,828.15 500.00
Prince Edward County Memorial Hospital Found.	15,608.00	Haldimand Association for the	500.00
Rotary Club of Picton	30,100.00	Developmentally Challenged	1,481.97
Wellington Junior Hockey Club	30,100.00	Haldimand-Norfolk Community Information Centre	1,401.97
Training to Training Training Class	30,100.00	Haldimand-Norfolk Literacy Council	1,907.45
CRAMAHE (TP)	6,315.99	Haldimand-Norfolk Resource	1,307.43
Castleton Sports Club Incorporated	2,105.33	Education & Counselling Help	1,574.04
Northumberland Services for Women	2,105.33	Haldimand-Norfolk Women's Services	1,470.81
Share Info CIC Inc.	2,105.33	Lynnwood Arts Centre	948.07
	,	The Children's Learning Workshop of Dunnville	2,152.89
DAWN-EUPHEMIA (TP)	4,509.00	True Experience Supportive	-,
Canadian Cystic Fibrosis Foundation		Housing & Community Work Program	2,358.54
Chatham-Kent Chapter	509.00	United Way of Haldimand-Norfolk	1,314.00
Four Counties Health Services Foundation	2,000.00	Victim Crisis Assistance Referral Service	
Lambton Hospitals Foundation	2,000.00	of Haldimand-Norfolk	1,812.53
		Victorian Order of Nurses	
DAWSON (TP)	2,331.00	Brant-Norfolk-Haldimand Branch	880.25
Riverside Foundation for Health Care	2,331.00		
		DURHAM (T)	877.95
DERBY (TP)	10,678.00	Abbeyfield Houses Society Ontario Chapter	877.95
Animal Care Network	200.00		
G & B House	10,478.00	DUTTON-DUNWICH (TP)	200.00
DORION (TD)	1 742 00	Dutton Co-Op Child Care Centre	200.00
DORION (TP) Dorion Fire Fighters Auxiliary	1,743.00	DVCART ET AL (TR)	10 071 00
Nipigon District Memorial Hospital	871.50 871.50	DYSART ET AL (TP) Haliburton Highlands Health Services Corp.	19,871.00 19,871.00
Wpigori District Wemoriai Hospitai	071.30	Hallburton Highlands Health Services Corp.	19,071.00
DOURO-DUMMER (TP)	24,835.00	EAST FERRIS (TP)	3,057.40
Community Health Services Foundation	2 1,000.00	The Nosbonsing Anglers & Hunters Club	3,057.40
(Heart Catheter Campaign)	7,450.50	The Hossonshig Highers a Harriers etab	3,037.10
Crime Stoppers of Peterborough Northumberland Inc.	4,967.00	EAST GWILLIMBURY (T)	13,578.00
Senior Citizens Council of Peterborough		New Leaf Living & Learning Together Inc.	4,289.00
Community Care Lakefield	12,417.50	The Association for Differently Abled People Together	4,289.00
		Transitional & Supportive Housing Services	4,000.00
DUNDALK (V)	2,060.00	York North Family Resource	
Dundalk District Agricultural Society	1,560.00	Programmes (The Strawberry Patch)	1,000.00
South-East Grey Support Services	500.00		
		EAST HAWKESBURY (TP)	9,674.00
DUNDAS (T)	57,413.00	Cercle des fermières de St-Eugène inc.	500.00
Canadian Cystic Fibrosis		Chevaliers de Colomb-Conseil St-Joachim nº 11607	1,500.00
Foundation Hamilton Chapter	1,000.00	Club Joie de vivre St-Eugène	500.00
Canadian Diabetes Assoc. Hamilton & District Br.	1,000.00	Club Optimiste St-Eugène/Ste-Anne inc.	3,174.00
Dundas Community Services	22,913.00	Friends of MacDonell-Williamson House	500.00
Dundas District Civitan Club	5,500.00	Lions Club of St-Eugene Inc.	2,000.00
Dundas Valley School of Art St. Joseph's Villa Foundation	13,000.00 7,000.00	Paroisse Ste-Anne de Prescott Paroisse St-Eugène	500.00 500.00
The Canadian Red Cross Society	7,000.00	Paroisse St-Eugene Paroisse St-Joachim Chute-à-Blondeau	500.00
me canadian ned cross society	7,000.00	i divisse strivaciiini ciiuterarbiviiueau	500.00
DUNNVILLE (T)	38,979.89	EAST WAWANOSH (TP)	2,000.00
Adult Mental Health Services of Haldimand-Norfolk	1,028.96	Belgrave & District Optimists	1,000.00
Alzheimer Society of Haldimand-Norfolk	1,815.55	Kinsmen Club of Belgrave & District	1,000.00
Big Brothers/Big Sisters Association			

EAST WILLIAMS (TP)	5,045.00	FORT FRANCES (T)	13,466.00
Optimist Club of East Williams	5,045.00	Fort Frances Curling Club (Junior Curling Program)	5,000.00
	4 000 00	Rainy River District Music Festival Assoc.	3,466.00
EDWARDSBURGH (TP)	1,080.00	United Native Friendship Centre (Youth Program)	5,000.00
Eastern Valley Heritage Foundation	1,080.00	CRONT OF VONCE (TR)	0.245.00
	7 500 00	FRONT OF YONGE (TP)	9,345.00 7,000.00
ELLIOT LAKE (C)	7,500.00	Royal Canadian Legion Branch #484 The Kinsmen Club of Mallorytown & District	2,345.00
Elliot Lake Family Life Centre	2,500.00	the Kinsheri Club of Mahorytown & District	2,545.00
North Shore Community Support Services Inc.	2,500.00 2,500.00	GEORGINA (T)	32,000.00
Women's Crisis Centre Elliot Lake Women's Group	2,300.00	Big Brothers of York	5,000.00
ELODA (V)	4,119.66	Canadian Diabetes Association	1,000.00
ELORA (V) Centre Wellington Pre-School	2,059.83	Hospice Georgina	5,000.00
The Big Brothers Association	2,033.03	The Kinette Club of Keswick	10,000.00
of Guelph & Wellington County	2,059.83	The Kinsmen Club of Sutton	10,000.00
or dacipit a vvenington county	2,000.00	York North Family Resource Programmes	1,000.00
ENNISKILLEN (TP)	12,144.00	, , , , , , , , , , , , , , , , , , ,	
Charlotte Eleanor Englehart Hospital	4,048.00	GILLIES (TP)	836.00
Petrolia Discovery Foundation Inc.	4,048.00	Alzheimer Society of Thunder Bay	278.67
Petrolia Volunteer Firefighters Association	4,048.00	Canadian Cystic Fibrosis Foundation Thunder Bay Chapte	
,		Canadian Diabetes Assoc. Thunder Bay & District	278.66
ERAMOSA (TP)	15,554.64		
Crime Stoppers of Wellington County	3,888.66	GLACKMEYER (TP)	4,033.00
East Wellington Advisory Group for Family Services	3,888.66	La paroisse Notre-Dame des Oliviers	4,033.00
Eden Mills Millpond Conservation Assoc. Inc.	3,888.66		
The Canadian Hearing Society	3,888.66	GLAMORGAN (TP)	2,334.00
	26 244 24	Haliburton Highlands Health Services Corp.	2,334.00
ERIN (T)	26,241.34	CLANDDOOK (TD)	20 100 62
East Wellington Advisory Group	13,120.67	GLANBROOK (TP) Bellmoore School Trust Fund	29,180.62 2.084.33
Optimist Club of Erin Ontario Inc.	13,120.67	Bell-Stone School Council	2,084.33
ECCA (TD)	3,000.00	Farmers' Dell Co-Operative Preschool of Glanbrook Inc.	2,084.33
ESSA (TP) Angus Figure Skating Club	2,000.00	Glanbrook Figure Skating Club	2,084.33
Borden Family Resource Centre	1,000.00	Glanbrook Girls Softball Association	2,084.33
Borden Falling Resource Certae	1,000.00	Glanbrook Heritage Society	2,084.33
ESSEX (T)	8,354.00	Glanbrook Minor Baseball	2,084.33
Essex & District Social Planning Council	8,354.00	Glanbrook T-Ball Association	2,084.33
	•	Glanbrook Youth Soccer Club Inc.	2,084.33
EXETER (T)	12,387.00	Glanford Curling Club Incorporated	2,084.33
Anago (Non) Residential Resources Inc.	1,032.25	Mount Hope School Council	2,084.33
Canadian Cystic Fibrosis Foundation London Chapter	1,032.25	Parkwood School Council	2,084.33
Community Living South Huron	1,032.25	Participation House Hamilton & District	2,084.33
Exeter Figure Skating Club	1,032.25	Youth Flight Canada Education Fund	2,084.33
Exeter Lioness Club	1,032.25		4 070 00
Exeter Lions Club	1,032.25	GLENELG (TP)	1,878.33
Exeter Precision Skating Club	1,032.25	Abbeyfield Houses Society Ontario Chapter	1,878.33
Exeter Public School Parents' Association	1,032.25	CDAVISABILIDET (T)	14 500 00
Huron Safe Homes for Youth	1,032.25	GRAVENHURST (T)	14,500.00 1,000.00
South Huron Big Brothers/Big Sisters Association	1,032.25 1,032.25	Alzheimer Society of Muskoka Big Sisters of Muskoka	1,000.00
South Huron Hospital Auxiliary	1,032.25	Crime Stoppers of Simcoe-Dufferin-Muskoka	1,000.00
Sunshine Kids Co-Operative Pre-School	1,032.23	Gravenhurst Skating Club	7,500.00
FERGUS (T)	32,813.00	Muskoka Steamship & Historical Society	1,000.00
Centre Wellington Resource Group	19,313.00	The Rotary Club of Gravenhurst	3,000.00
Fergus-Eldra Big Sisters	10,500.00		-,
Lyme Disease Association of Ontario	3,000.00	GREATER NAPANEE (T)	2,756.52
	,	Alzheimer Society of Kingston	1,002.37
FOREST (T)	11,154.00	Canadian Cystic Fibrosis Foundation Kingston Chapter	751.78
Lambton Elderly Outreach	2,788.50	Ontario Lung Association	1,002.37
North Lambton Community Health Centre	2,788.50		
The North Lambton Benefit Foundation	2,788.50	GREENOCK (TP)	3,088.00
The Rotary Club of Forest	2,788.50	Chepstow Minor Sports	3,088.00

LEGEND: C CITY, T - TOWN, TP - TOWNSHIP, V - VILLAGE, R - FIRST NATION RESERVE, DA DEVELOPMENT AREA

GRIMSBY (T)	9,682.00	Haldimand Association for the Developmentally Challenge	ed 2,335.14
Autism Society Ontario	1,697.00	Haldimand Youth Soccer Club Inc.	2,335 14
Canadian Diabetes Association Niagara District Branch	1,697.00	Haldimand-Norfolk R.E.A.C.H.	2,335 14
Grimsby/Lincoln & District Association		Lions Club of Hagersville	2,335 14
for Community Living	1,697.00	Mary Poppins Co-Operative Preschool	
Ontario Lung Association	1,697.00	of Caledonia Incorporated	2,335.14
Triple 'R' Ministries	2,894.00	Victim Crisis Assistance Referral Service	
		of Haldimand-Norfolk	2,335.14
GUELPH (C)	273,117.00	West Haldimand General Hospital Foundation	2,335.24
Action Read Community Literacy Centre	5,000.00		
Alzheimer Society of Guelph-Wellington	5,000.00		246,100.00
Big Brothers Association of Guelph & Wellington	21,558.50	Bereaved Families of Ontario	10,000.00
Big Sisters Association of Guelph & Wellington	21,558.50	Big Brothers Association of Burlington & Hamilton	57,500.00
Canadian Diabetes Association	5,000.00	Canadian Red Cross Society Field Operations	3,500.00
Canadian Mental Health Association	5,000.00	Good Shepherd Centres	20,900.00
Change Now Youth & Family Drug Resource Centre	10,000.00	Hamilton-Wentworth Aquatic Club	34,200.00
Distress Centre Wellington/Dufferin Edward Johnson Music Foundation	10,000.00 5,000.00	Tele-touch (Seniors) Theatre Aquarius Inc.	20,000.00
Guelph Arts Council	10,000.00	meatre Aquanus inc.	100,000.00
Guelph Children's Singers	5,000.00	HANOVER (T)	14,250.00
Guelph Teen Housing Inc.	25,000.00	Hanover Minor Hockey Club Inc.	2,000.00
Guelph Track & Field Club	5,000.00	Hanover Minor Ringette	2,000.00
Heart & Stroke Foundation	5,000.00	Hanover Swim Team	1,500.00
Hospice Wellington	25,000.00	Hanover & District Figure Skating Club	2,000.00
Multiple Sclerosis Society of Canada	23,000.00	Harc Incorporated	1,000.00
Wellington County	5,000.00	Ontario Special Olympics Inc.	500.00
Royal City Regals Lacrosse Club	5,000.00	Pied Piper Playhouse	1,000.00
Sunrise Equestrian	5,000.00	Scouts Canada - 5th Hanover Group Committee	500.00
The Canadian Hearing Society	5,000.00	Strathnaver Pipe Band	250.00
The Foundation of Guelph General Hospital	30,000.00	The Kinsmen Club of Hanover	3,000.00
The Guelph Jazz Festival	5,000.00	The St. John Council for Ontario	500.00
Torchlight Services	25,000.00		
Victim Services	5,000.00	HARRISTON (T)	7,417.00
Wyndham House Inc.	25,000.00	Big Brothers Association of Guelph & Wellington County	3,708.50
,		Crime Stoppers of Wellington County Inc.	3,708.50
GUELPH (TP)	6,061.00		
The Canadian Hearing Society	6,061.00	HARROW (T)	10,364.00
		Harrow Rotary Club	3,455.00
HAGAR (TP)	1,058.75	Kinsmen Club of Canada	2,303.00
St. Mark School	758.75	Royal Canadian Legion	2,303.00
Sudbury East Community Action Network Inc.	300.00	Youth Action Comm. of Harrow & Colchester South	2,303.00
			744.00
HAGERMAN (TP)	903.00	HASTINGS (V)	711.00
Royal Canadian Legion Branch 394	903.00	Canadian Cystic Fibrosis Foundation Peterborough Chapte	
HALDIBAAND (TD)	16 476 00	Hastings Resource Centre Inc.	200.00 211.00
HALDIMAND (TP)	16,436.00	Northumberland Services for Women	100.00
Royal Canadian Legion Branch #580, Grafton	16,436.00	Share Info CIC Inc. (Info Northumberland)	100.00
HALDIMAND (T)	42,032.62	HAVELOCK-BELMONT-METHUENIC (TP)	5,700.00
Big Brothers/Big Sisters Association	42,032.02	Crime Stoppers of Peterborough Northumberland Inc.	300.00
of Haldimand-Norfolk	2,335.14	Havelock Lions Club	2,000.00
Caledonia Agricultural Society	2,335.14	Kinark Child & Family Services	300.00
Caledonia Gymmies Inc.	2,335.14	Peterborough Aids Resource Network	300.00
Caledonia Minor Hardball Association	2,335.14	Rotary Club of Havelock	2,000.00
Caledonia Ringette Inc.	2,335.14	Senior Citizens Council of Peterborough	300.00
Caledonia Rotary Club	2,335.14	YWCA of Peterborough, Victoria & Haliburton	500.00
Caledonia & District Food Bank	2,335.14	<u>.</u>	
Crime Stoppers of Haldimand-Norfolk	,	HAY (TP)	4,925.00
& Tillsonburg Inc.	2,335.14	Alzheimer Society of Huron County	1,000.00
Grand River Gymmies	2,335.14	Canadian Cystic Fibrosis Foundation	500.00
Hagersville Minor Hockey Association Inc.	2,335.14	Canadian Diabetes Assoc. London & District Branch	500.00
Hagersville Royal Canadian Legion Br. #164	2,335.14	Community Living - South Huron	1,425.00

			4 276 50
Huron Adult Day Centre	500.00	Kenora Foster Parents Association	1,376.59
Town & Country Support Services	500.00	Kenora Rowing Club (Junior Division)	1,376.59
Zurich & Area Figure Skating Club	500.00	Lake of the Woods Lions Club	1,376.59
HEAD, CLARA & MARIA (TP)	400.00	KINCARDINE (TP)	5,455.50
North Renfrew Family Services Inc.	400.00	Kincardine & District Hospital Auxiliary	5,455.50
,		' '	
HOLLAND (TP)	5,313.00	KINCARDINE (T)	18,201.00
Canadian Cystic Fibrosis Foundation	1,000.00	183 Typhoon Squadron Royal Canadian Air Cadets	3,500.00
Participation Lodge & Community Services	2,000.00	Bluewater Summer Playhouse	1,000.00
Williamsford Community Centre Building Fund	2,313.00	Canadian Cystic Fibrosis Kitchener/Waterloo	451.00
		Community Living Kincardine & District	3,000.00
HOWICK (TP)	13,611.00	Kincardine Skating Club	1,500.00
Optimist Club of Howick	13,611.00	Kincardine Theatre Guild	1,000.00
	5.035.00	Kincardine & District Hospital Auxiliary	3,500.00
HULLETT (TP)	6,936.00	Pegasus Riding Assoc. Nurturing Challenged Equest.	750.00
Alzheimer Society of Huron County	200.00	Rotary Club of Kincardine	3,500.00
Huron Adult Day Centre Jacob Memorial Building	1,000.00	KING (TR)	42 707 00
Londesboro & District Lions	5,236.00	KING (TP) 1st Nobleton Scouts	43,707.00 1,800.00
Town & Country Support Services	500.00		3,000.00
HIMTCVIIIE /T\	54,873.48	Hospice King Kettleby School Council	1,050.00
HUNTSVILLE (T) Alzheimer Society of Muskoka	1,959.77	Kettleby-Pottageville Lions Club	7,500.00
Big Sisters of Muskoka	1,959.77	King City Lions Club	10,000.00
Huntsville District Memorial Hospital Foundation	19,597.66	Lloydtown Rebellion Association	2,800.00
Huntsville Hospital/Library/Sport Assoc.	1,959.77	Nobleton School Council	1,050.00
Huntsville Volunteer Fire Fighters Association	19,597.66	Nobleton United Church Women	2,007.00
Muskoka Family Focus	1,959.77	Schomberg Co-Op Nursery School	1,000.00
Muskoka Marine Museum	1,959.77	Schomberg Lions Club	10,000.00
Rotary Club of Huntsville	1,959.77	Schomberg Soccer Club Inc.	3,000.00
St. Mary's Church Social Club	1,959.77	Sons & Daughters Christian Fellowship Centre	500.00
The Lions Club of Huntsville	1,959.77	bons a badgittens ambitan renovising cantil	
		KITCHENER (C)	264,908.00
HURON SHORES (TP)	1,263.00	Achievement in Motion	10,000.00
Plummer Memorial Public Hospital	1,263.00	Addiction, Assessment, Care & Treatment Services	9,240.00
		AIDS Committee of Cambridge,	
JAFFRAY & MELICK (T)	6,717.87	Kitchener, Waterloo & Area (ACCKWA)	15,000.00
Alzheimer Society of Kenora	2,239.29	Alzheimer Society of Kitchener-Waterloo	9,000.00
Canadian Cystic Fibrosis Foundation -		Big Brothers Association of Kitchener-Waterloo Inc.	10,000.00
Thunder Bay Chapter	2,239.29	Canadian Diabetes Association	
Kenora - Patricia Child & Family Services	2,239.29	Kitchener-Waterloo Branch	7,000.00
WARRIEWA CINIC (T)	24.052.00	Catholic Family Counselling Centre (Region of Waterloo)	
KAPUSKASING (T)	21,963.00	Central Ontario Developmental Riding Program	23,655.00
Hearst-Kapuskasing-Smooth Rock Falls	2 745 00	Citizens Concerned with Crime Against	15 272 00
Counselling Services	2,745.00	Children Kitchener-Waterloo	15,372.00 6,000.00
Kapuskasing & District Association for Community Living	2 745 00	Heart & Stroke Foundation of Ontario	5,000.00
Kapuskasing & District Humane Society	2,745.00 1,373.00	Kitchener Minor Boys Softball Association	2,500.00
	2,745.00	Kitchener-Waterloo Symphony Orchestra Inc. K-W Performing Arts Association	2,300.00
La Forge de Brunetville Les services à la jeunesse Jeanne Sauvé Youth Services	2,745.00	(O/A Theatre & Company)	2,500.00
North Cochrane District Family Services	2,745.00	Project Lift Inc.	71,641.00
Radio communautaire Kapnord inc.	2,745.00	Raise Home Support Service for the Elderly	18,000.00
Services de toxicomanie Cochrane nord inc.	2,745.00	The Canadian Hearing Society	5,000.00
The Rotary Club of Kapuskasing	1,375.00	The canadian rearing society	3,000.00
,	,	LAKEFIELD (V)	6,770.25
KEEWATIN (T)	1,267.00	Canadian Cystic Fibrosis Foundation	
Canadian Cancer Society	1,267.00	Peterborough Chapter	1,128.38
		Crime Stoppers of Peterborough Northumberland Inc.	1,128.38
KENORA (T)	8,259.54	Kinark Child & Family Services	1,128.37
Alzheimer Society of Kenora District	1,376.59	Senior Citizens Council Peterborough	1,128.38
Canadian Hearing Society	1,376.59	United Way of Peterborough & District	1,128.37
Kenora Assembly of Resources	1,376.59	YWCA of Peterborough Victoria & Haliburton	1,128.37

LAXTON, DIGBY & LONGFORD (TP)	4,115.00	MAGNETAWAN (TP)	2,454.00
Alzheimer Society of Victoria County	500.00	Croft Recreation Association	818.00
Big Brothers/Big Sisters Victoria-Haliburton Inc.	615.00	Huntsville District Memorial Hospital Foundation	818.00
Haliburton Highlands Health Services Corp	2,000.00	Magnetawan Lions Club	818.00
Victoria County Community Care Services for Seniors	1,000.00	Wagnetarran Elona erab	010.00
victoria country community care services for semons	1,000.00	MALAHIDE (TP)	1,427.00
LEAMINGTON (T)	9,797.42	Alzheimer Society of Elgin—St. Thomas	1,427.00
Canadian Cystic Fibrosis Foundation Windsor Chapter	1,399.64	Alzheimer society of Eight St. Homas	1,727.00
Canadian Diabetes Association Windsor District Branch	1,399.64	MANITOUWADGE (TP)	11,914.00
Corp. of the Friends of Point Pelee	2,799.25	Alzheimer Society of Thunder Bay	
			625.00
Leamington & District Half Century Club Inc.	2,799.25	Canadian Cystic Fibrosis Foundation Thunder Bay Chapter	625.00
Windsor & Essex County Crime Stoppers Inc.	1,399.64	Manitouwadge Nursery School	10,039.00
LINGOLAL (T)	20.022.00	The Canadian National Institute for the Blind	625.00
LINCOLN (T)	28,933.86	MARIDOCA (TD)	45.054.40
Beamsville Co-Operative Nursery School Inc.	3,857.88	MARIPOSA (TP)	16,064.40
Beamsville Figure Skating Club	5,786.82	A Place Called Home Residence	2,294.92
Grimsby-Lincoln Assoc. For Community Living Inc.	3,857.88	Alzheimer Society of Victoria County	2,294.92
Lincoln Community Care	5,786.52	Big Brothers/Big Sisters of Victoria-Haliburton	2,294.92
Lincoln Leapers	3,857.88	Canadian Cystic Fibrosis Foundation	
Senator Gibson P.T.O. Association	1,929.00	Durham Region Chapter	2,294.88
Vineland Co-Operative Nursery School Inc.	3,857.88	Manilla Library Association	2,294.92
· ·		The Canadian Red Cross Society	2,294.92
LINDSAY (T)	61,526.74	Victoria County Community Care Services for Seniors	2,294.92
A Place Called Home Residence in Lindsay	3,619.22	, ,	
Alzheimer Society of Victoria County	3,619.22	MARKDALE (V)	2,000.00
Big Brothers/Big Sisters Victoria-Haliburton Inc.	3,619.22	Alzheimer Society of Grey-Bruce	1,000.00
Canadian Mental Health Association, Victoria City Branch		Canadian Cystic Fibrosis Foundation	.,
Chimo Youth & Family Services Inc.	3,619.22	Kitchener/Waterloo Chapter	1,000.00
Family Resources for Victoria County Inc.	3,619.22	Menenen vacenos enaper	1,000.00
Five Counties Children's Centre	3,619.22	MATTICE-VAL CÔTÉ (TP)	2,072.00
John Howard Society of Victoria Haliburton	3,619.22	Club Sno Devils de Mattice	2,072.00
	7,238.44	Club 3110 Devils de Mattice	2,072.00
Lindsay Boys & Girls Club Inc.		MANO (TD)	1,500.00
Lindsay Community Care	3,619.22	MAYO (TP)	
Ross Memorial Hospital Foundation	3,619.22	Mayo United Church	1,500.00
The Lindsay Gallery Inc.	3,619.22	AACCHANADAY (TD)	4 607 00
Victoria County Assoc. for Community Living	3,619.22	MCGILLIVRAY (TP)	4,687.00
Victoria County Humane Society	3,619.22	Canadian Cystic Fibrosis Foundation London Chapter	500.00
Victoria County United Way	3,619.22	Canadian Diabetes Assoc. London & District Branch	500.00
Victoria County Women's Resource Services	3,619.22	Lucan District Lions Club	2,187.00
		North Middlesex Stars Junior Hockey Team	1,000.00
LION'S HEAD (V)	1,581.00	V.O.N. Middlesex-Elgin Branch	500.00
Alzheimer Society of Grey-Bruce	400.00		
Community Living Wiarton & District	331.00	MCKILLOP (TP)	534.00
Lion's Head Nursery School & Child Care Centre	450.00	Seaforth Lions Club	534.00
Pegasus Riding Assoc. Nurturing Challenged Equestrians	400.00		
		MCMURRICH-MONTEITH (TP)	2,334.00
LONDON (C)	185,443.00	Almaguin Minor Hockey League	778.00
Arthritis Society	42,963.00	East Parry Sound Community Policing Advisory Committee	778.00
Canadian Diabetes Association London Branch	21,513.00	Huntsville Dist. Memorial Hospital Foundation	778.00
Knights of Columbus	45,967.00	'	
London Community Resource Centre	50,000.00	MEAFORD (T)	8,289.00
St. Joseph's Health Centre Auxiliary	25,000.00	Meaford Beaver Valley Community Support Services	2,000.00
3t. 103cpir3 realth centre rannary	25,000.00	The Rotary Club of Meaford Inc.	6,289.00
LOYALIST (TP)	16,216.50	me notary class of meanored men	-,
Alzheimer Society of Kingston	2,702.75	MERRICKVILLE-WOLFORD (V)	8,645.46
Crime Stoppers Kingston & District Inc.	2,702.75	Canadian Cystic Fibrosis Foundation Cornwall Chapter	388.56
Lennox & Addington Interval House	2,702.75	Lanark Animal Welfare Society	1,457.10
	2,702.75	Lions Club of Merrickville Inc.	2,914.20
Lennox & Addington Resources for Children			1,942.80
Ontario Lung Association	2,702.75	Merrickville Day Nursery	1,942.80
The Lioness Club of Bath & District	2,702.75	North Grenville Community Hospice	1,342.00

MINTO (TP)	4,807.00	Spina Bifida & Hydro-Cephalus Assoc. of Ont.	6,747.26
Canadian Diabetes Association	2,403.50	Square One Youth Centre	6,747.26
Crime Stoppers of Wellington County Inc.	2,403.50	Streetsville Amateur Hockey	6,747.26
Crime Stoppers of Wellington County life.	2,403.30	Streetsville Mead. Figure Skating Club	13,494.52
MISSISSAUGA (C)	939,556.12	Streetsville Pipe & Drum	6,747.26
Agaming Optimist Youth Camp	13,494.52	Streetsville Tiger Hockey Club	6,747.26
Aid for New Mothers	1,686.82	St. Elizabeth Health Care	6,747.26
Allergy & Asthma Information Association	6,747.26	Sunshine Foundation of Canada	6,747.26
Assyrian Society of Canada	1,686.82	Team Futures School of Gymnastics	6,747.26
Bereaved Families of Ontario - Halton/Peel	6,747.26	Tree Life Toronto	1,686.82
Big Brothers of Peel Region	40,483.57	Victim Services of Peel	20,241.79
Big Sisters of Peel Inc.	40,483.57	Vita Manor	26,989.05
Canadian Cystic Fibrosis-Peel	20,241.67	Wawel Villa Inc.	6,747.26
Canadian Druze Society	1,686.82	AMEGICCIDDI AMILIC (T)	40 204 00
Canadian Mental Health Association	6,747.26	MISSISSIPPI MILLS (T)	40,384.00
Canadian Music Competitions	1,686.82	2nd Almonte Scouts	2,000.00
Canadian Red Cross Society	40,483.57	Almonte Community Development Corporation	2,500.00
Canadian Spinal Research	6,747.26	Alzheimer Society of Lanark County	500.00
Canadians Against Drunk Driving	1,686.82	Arnprior & District Memorial Hospital	500.00
Can. Celiac Foundation	6,747.26	Big Brothers/Big Sisters of Lanark County	500.00
Cawthra Park Athletic	6,747.26	Community Living Assoc. (Lanark County)	1,158.00
Child Find Ontario	6,747.26	Dr. James Naismith Basketball Foundation	9,500.00
CNIB Halton/Peel District	6,747.26	Mississippi Little League Baseball Inc.	2,000.00
Croatian Community Services	1,686.82	Mississippi Valley Textile Museum	9,500.00
Croatian Parish Folklore	1,686.82	Union Hall Community Centre	7,500.00
Easter Seal Society Ontario	6,747.26	United Way of Lanark County	4,726.00
Elder Help	1,686.82		
Epilepsy Mississauga	53,978.09	MONMOUTH (TP)	1,697.00
Erin Mills Baseball	6,747.26	Wilberforce Minor Hockey	1,697.00
Erin Mills Drum & Bugle Corps Inc.	13,494.52	•	
Erinoak Serving Young People with Physical Disabilities	26,989.05	MONTAGUE (TP)	3,500.00
Family Services of Peel	20,241.79	Big Brothers/Big Sisters of Lanark County	500.00
Foodpath Interfaith Peel Association	20,241.79	Lanark Children's Haven	500.00
Greek Canadian Community of Peel/Halton	1,686.82	Lanark County Reading Network Incorporated	500.00
Gymnastics Mississauga	6,747.26	Montague & District Sr. Citizens Forget Me Not Club Inc.	2,000.00
Heart Touching Heart Meadowvale Drop In	6,747.26	j	_,
Heart & Stroke Mississauga Chapters	26,989.05	MOORE (TP)	27,094.50
Hospice of Peel Inc.	20,241.79	Bluewater Otters Swim Club	2,000.00
Inter-Cultural Neigh. Social Services	26,989.05	Brigden Royal Canadian Legion	6,031.50
John Howard Society	20,241.79	Corunna Royal Canadian Legion	6,031.50
Kerry's Place Autism Services	6,747.26	Courtright Minor Athletic Association	2,000.00
Learning Disabilities-Mississauga	53,978.09	Moore Agricultural Society	3,000.00
Mississauga Arts Council	6,747.26	New Moore Gymnastics Club	2,000.00
Mississauga Canoe Club	6,747.26	The Optimist Club of Moore	6,031.50
Mississauga International Children's Festival	6,747.26	The optimist club of Moore	0,031.30
Mississauga Parent Child Centre	6,747.26	MOOSE CREE (R)	5,270.00
Mississauga Shrine Club	13,494.52	Naywayeg Itaykay Centre	5,270.00
Multiple Sclerosis Society Canada Mississauga Chapter	26,989.05	raywayeg naykay centre	5,270.00
National Broadcast Reading Service	1,686.82	MORLEY (TP)	1,766.00
Nexus Youth Services	20,241.79	Stratton Recreation Society	1,766.00
Ontario March of Dimes	6,747.26	Stration Recreation Society	1,766.00
Ontario Order of Council of St. John Ambulance	53,978.09	MORRIS (TP)	E 000 00
Optimist Club of Mississauga			5,000.00
Our Place Peel	26,989.05	Belgrave & District Kinsmen Club	5,000.00
	20,241.79	MOSA (TD)	036.60
Owenwood Public School	6,747.26	MOSA (TP)	936.60
Peel Family Education Centre	20,241.79	Elm Children's Centre Inc.	468.30
Schizophrenia Society of Canada	6,747.26	Glencoe District Historical Society	468.30
Sexual Assault Rape Crisis	20,241.79	MOUNT FOREST (T)	44.654.5
Sheridan Baseball	6,747.26	MOUNT FOREST (T)	11,654.66
Silent Voice Canada	1,686.82	Big Sisters of Mount Forest & District	2,538.67
Skills Canada - Ontario	1,686.82	Canadian Cystic Fibrosis Kitchener-Waterloo Chapter	500.00
Society of St. Jude	13,494.52	Community YWCA of Grey-Wellington	2,538.67

Crime Stoppers of Wellington County Inc.	500.00	NEWBURY (V)	794.00
Mount Forest Lions Club	2,538.67	Four Counties Health & Services Foundation	694.00
Optimist Club of Mount Forest	2,538.65	VON Middlesex-Elgin Branch	100.00
Rural Services Advocates Community Group	500.00		
		NIAGARA FALLS (C)	206,611.00
MOUNT FOREST/ARTHUR/WEST LUTHER/ARTHUR (TP)	3,280.50	Boys & Girls Club of Niagara	53,916.00
Crime Stoppers of Wellington County Inc.	1,280.50	Canadian Hearing Society	15,000.00
North Wellington Big Brothers	2,000.00	Canadian Mental Health Association Welland Branch	6,365.00
		Greater Niagara General Hospital Foundation	70,950.00
MUSKOKA LAKES (TP)	11,193.00	Niagara Falls Kinsmen Ringette	7,875.00
Big Sisters of Muskoka	1,865.50	Niagara Support Services	19,500.00
Children Foundation of Muskoka	1,865.50	Project S.H.A.R.E. of Niagara Falls	20,543.00
Manna Food Bank of Bracebridge Inc.	1,865.50	Rehabilitation Foundation for the Disabled	10,125.00
Muskoka Lakes Museum	1,865.50	Women's Place of South Niagara Inc.	2,337.00
Muskoka Lakes Music Festival	1,865.50		
Ontario Society for the Prevention of Cruelty to Animals	1,865.50	NICHOL (TP)	4,456.56
,		Canadian Diabetes Association	742.76
NAIRN & HYMAN (TP)	1,548.00	Canadian Hearing Society	742.76
Nairn Twilighter's Seniors Club #1046	1,548.00	Centre Wellington Pre-School	1,485.52
		Crime Stoppers of Wellington County Inc.	1,485.52
NANTICOKE (C)	73,027.18		
Adult Mental Health Services of Haldimand/Norfolk	2,539.78	NICKEL CENTRE (T)	40,579.00
Alzheimer Society of Haldimand-Norfolk	3.386.38	Coniston Lions Club	3,000.00
Big Brothers & Big Sisters Association	-,	Coniston Minor Hockey Association	4,000.00
of Haldimand-Norfolk	3,894.33	Epilepsy Sudbury-Manitoulin	6,000.00
Canadian Mental Health Association	-,	Falconbridge Public School	1,500.00
of Haldimand-Norfolk	3,132.40	Garson Bowl Youth Bowling	5,000.00
Crime Stoppers of Haldimand-Norfolk &	2,102110	Lions Club of Garson	8,000.00
Tillsonburg Inc.	2,742.96	Nickel Centre Minor Hockey Association	4,579.00
Fanshawe College of Applied Arts & Technology	2,624.44	Nickel Centre Seniors Club Inc.	4,500.00
Haldimand-Norfolk Community Information Centre	2,539.78	The Kidney Foundation of Canada	3,000.00
Haldimand-Norfolk Women's Services	2,793.76	Wahnapitae Youth Association	1,000.00
Kinsmen Club of Port Dover	3,978.99	, , <u> </u>	
Lighthouse Festival Theatre Corp.	3,420.24	NIPISSING (R)	2,668.00
Lynnwood Arts Centre	2,963.08	Nipissing First Nation Recreation Committee	2,668.00
Norfolk Association for Community Living	2,793.76		·
Norfolk General Hospital	2,793.76	NORFOLK (TP)	39,438.38
North Erie Shore Historical Society	2,996.94	Adult Mental Health Services of Haldimand-Norfolk	1,500.00
Port Dover Minor Baseball Association	3,217.06	Alzheimer Society of Haldimand-Norfolk	1,500.00
Selkirk Country Festival	2,963.08	Big Brothers/Big Sisters	
Selkirk Lions Club	3,555.69	of Haldimand-Norfolk Inc. (Simcoe Branch)	1,000.00
The Children's Aid Society of Haldimand-Norfolk	3,047.74	Big Brothers/Big Sisters of Tillsonburg	1,000.00
United Way of Haldimand-Norfolk	2,963.08	Canadian Diabetes Assoc.	
Victim Crisis Assistance Referral Service	2,505.00	Haldimand-Norfolk Community Group	500.00
of Haldimand-Norfolk	2,455.12	Courtland Organization Parents & Educators	1,500.00
Victorian Order of Nurses	2,433.12	Courtland & District Lions Club	3,062.62
Brant-Norfolk-Haldimand Branch	2,201.14	Haldimand-Norfolk Information Centre	1,500.00
Waterford District Community Foundation	3,047.74	Haldimand-Norfolk Women's Services	1,500.00
Waterford Lions Club	3,978.99	Langton Knights of Columbus Council #11727	3,062.63
Waterford Townsend Historical Society	2,996.94	Langton Lions Club	3,062.63
Wateriola Townsella Historical Society	2,550.54	Langton Minor Hockey Association	3,062.62
NEUSTADT (V)	2,098.00	Langton Public School Parent-Teacher Group	1,500.00
Neustadt & District Lions Club Inc.	2,098.00	Langton Thunderbirds Jr. D Hockey Club Inc.	3,062.62
Neustaut & District Lions Club IIIC.	2,000.00	Langton & Area Figure Skating Club	3,062.63
NEW TECHNISETH /T\	22,237.98	Lions Club of Long Point	3,062.63
NEW TECUMSETH (T) Alliston & District Children & Resource Centre	4,681.68	Norfolk Association for Community Living	1,500.00
Alliston & District Childcare & Resource Centre		Norfolk Association for Community Elving Norfolk Little People's Daycare Inc.	1,500.00
Big Brothers Association of Alliston & District	4,681.68	Parent Sacred Heart School Group	1,500.00
Crime Stoppers of Simcoe-Dufferin-Muskoka	3,511.26	Parent Sacred Heart School Group Port Rowan Legion Branch #379	1,000.00
People in Transition	4,681.68	United Way of Haldimand-Norfolk	1,000.00
Tottenham & District Figure Skating Club Inc.	3,511.26	Officed Way of Haldiffd Hoffork	1,000.00
United Way Barrie-South Simcoe	1,170.42		

NORTH BAY (C)	20,582.16	Big Sisters of Oakville	15,000.00
Canadian Centre for Social Justice	10,291.08	Burlington Breast Cancer Support Services Inc.	2,300.00
Canadian Hearing Society	5,145.54	Child Find (Ontario) Inc.	3,000.00
Canadian Mental Health Association	5,145.54	Children's Aid	15,000.00
	-,	Community Foundation of Oakville	12,846.00
NORTH DORCHESTER (TP)	8,890.00	Community Resource Services (Ontario)	6,390.00
1st Dorchester Scouting	3,556.00	Crime Stoppers of Halton	3,070.00
Dorchester & District Lions Club	5,334.00	Epilepsy Ontario	1,800.00
Dordiester & District Lions Club	2,334.00	Festival of Classics	23,850.00
NORTH DUNDAS (TP)	40 96E 00		
	40,865.00	Friends of the Oakville Public Library	17,266.00
Alzheimer Society, Cornwall District	1,500.00	Halton Centre for Childhood Sexual Abuse	6,000.00
Autism & Pervasive Developmental Disorders Advocates	1,500.00	Halton Family Services	20,000.00
Foster Parents' Assoc. of Stormont, Dundas & Glengarry		M.S. Society of Canada	10,000.00
Lion's Club of Winchester	16,000.00	Oakville Arts Council	38,000.00
Stormont, Dundas & Glengarry		Oakville Chamber Orchestra	2,500.00
Akwesasne Children's Treatment Centre	1,500.00	Oakville Children's Choir	14,000.00
The Canadian National Institute for the Blind	3,365.00	Oakville Literacy Council	5,000.00
		Oakville Parent Child Centre	10,200.00
NORTH GRENVILLE (TP)	39,516.00	Oakville Re-Entry Homes Inc.	15,000.00
Canadian Cystic Fibrosis Foundation Cornwall Chapter	582.00	Ontario Rett Syndrome Association	5,000.00
Huntington Society of Canada-Ottawa Chapter	582.00	Pass Can-Aid for New Mothers Inc.	10,000.00
Kemptville District Hospital Auxiliary	5,400.00	Sheridan College	10,000.00
Kemptville & District Home Support Inc.	8,985.00	V.O.N. Canada Halton Branch	6,250.00
Lanark Animal Welfare Society	582.00	Women's Information & Support Centre of Halton	10,000.00
Lions Club of Kemptville	3,600.00		, 0, 000,00
More Than Just Babysitting Child Care Centre Inc.	3,600.00	O'CONNOR (TP)	2,730.00
North Grenville Association for Community Living	8,985.00	O'Connor Community Club	2,730.00
Rotary Club of Kemptville	3,600.00	o comfor community club	2,730.00
Royal Canadian Legion Branch 212	3,600.00	ONONDAGA (TP)	2,094.00
rojan caracar acgion orance a ra	5,000.00	Ontario Society for the Prevention	2,034.00
NORTH PERTH (T)	36,344.16	of Cruelty to Animals-Brantford Branch	2.004.00
Atwood & District Lioness Club	1,817.21	of Cruelty to Alimais-brantfold Branch	2,094.00
Epilepsy Ontario (Listowel)	1,817.21	ODC (TD)	0.200.42
		OPS (TP)	9,288.42
Kinsmen Club of Monkton & District	1,817.21	Alzheimer Society of Victoria County	1,326.92
Lions Club of Monkton	1,817.21	Big Brothers/Big Sisters of Victoria-Haliburton	1,326.92
Listowel Charity Golf Classic	1,817.21	Canadian Cystic Fibrosis Foundation	
Listowel Jr. B Cyclones Hockey Enterprises Ltd.	1,817.21	Peterborough Chapter	1,326.92
Listowel Youth Support Committee	1,817.21	Canadian Mental Health Association	
Listowel & District Assoc. for Community Living	1,817.21	Victoria County Branch	1,326.92
Major Andrew McKeever Branch #259		Five Counties Children's Centre Foundation	1,326.91
Royal Canadian Legion	1,817.20	John Howard Society	
Monkton G.I.R.L.S. Club Inc.	1,817.21	of Victoria-Haliburton-Simcoe-Muskoka	1,326.91
North Perth Community Hospice	1,817.21	Victoria Graduate Child Care Centre Inc.	1,326.92
North Perth Maple Leaf Women's Institute	1,817.21		
Ontario Special Olympics Inc.	1,817.21	ORANGEVILLE (T)	39,701.48
Optimist Club of Listowel	1,817.21	Big Brothers/Big Sisters of Dufferin & District	3,053.96
Optimist Club of Monkton & District Inc.	1,817.20	Community First Family Resource Centres of Dufferin	3,053.96
Rotary Club of Listowel	1,817.20	Dufferin-Caledon Health Care Foundation	3,053.96
St. Joseph's Catholic Women's League	1,817.20	Family Transition Place (Dufferin)	3,053.96
The Kinette Club of Listowel	1,817.21	Headwaters Health Care Centre Auxiliary	3,053.96
The Kinsmen Club of Listowel	1,817.21	Heart & Stroke Foundation Dufferin Chapter	3,053.96
The Lions Club of Atwood	1,817.21	Ontario Society for the Prevention	5,055.90
THE EIGHS CIAB OF A CONTROL	1,017.21	of Cruelty to Animals-Orangeville Branch	3,053.96
NORTH STORMONT (TP)	7 610 00	Orangeville Gymnastics Club/Twisters	5,035.90
Alzheimer Society Cornwall & District	7,610.00 1,605.00		2 052 00
Canadian Cystic Fibrosis Foundation Cornwall Chapter		Gymnastics & Trampoline Club	3,053.96
Monsignor Rudy Villeneuve Foundation	1,755.00	Orangeville Women's Community Centre	3,053.96
	2,000.00	The Canadian National Institute for the Blind	3,053.96
Stormont, Dundas & Glengarry	2 250 00	The Royal Canadian Legion Branch #233	3,053.96
Akwesasne Children's Treatment Centre	2,250.00	Theatre Orangeville	3,053.96
OVENUTE (1)	260 072 00	Yellow Briar Chapter Iode	3,053.96
OAKVILLE (T) Percayed Families of Optobio	269,972.00		
Bereaved Families of Ontario	7,500.00		

ORILLIA (C)	93,850.00	Paris Minor Hockey Association	2,000.00
99 Lynx Squadron Royal Canadian Air Cadets	5,000.00	Paris Performers Theatre	2,500.00
Alzheimer Society of Orillia & District	5,000.00	Paris Ringette Assoc.	2,000.00
Big Sisters of Orillia	5,000.00	Paris Soccer Club	2,000.00
Canadian Cystic Fibrosis Foundation -		Sacred Heart School, CPTA	2,500.00
Toronto & District Chapter	250.00	The Sunshine Foundation of Canada	222.00
Couchiching Young Singers St. James Anglican Church	5,000.00	The Willett Hospital Auxiliary	2,000.00
Elizabeth Fry Society of Simcoe County	2,500.00	l j	_,
Friends of the Orillia Public Library	5,000.00	PARKHILL (T)	6,519.00
Green Haven Shelter for Women	5,000.00	Lions Club of Parkhill	6,519.00
Hospice Orillia	5,000.00	Elona class of Carrelli	0,515.00
La Sève de Penetanguishene	100.00	PARRY SOUND (T)	23,365.00
Orillia Central Preschool	2,500.00	District of Parry Sound Child & Family Centre	3,894.17
Orillia Education/Industry Foundation	2,500.00	Kinsmen Club of Parry Sound	3,894.17
Orillia Historical Society	2,500.00	Ontario Society Protection of Cruelty to Animals	3,894 17
Orillia Minor Lacrosse Association	2,500.00	Optimist Saltos Gymnastics-Parry Sound	
Orillia & District Assoc. for Community Living	2,500.00		3,894.17
		Optimist Youth Centre Parry Sound & Area	3,894 16
Orillia & District Big Brothers Association	5,000.00	West Parry Sound Assoc. for Community Living	3,894.17
Orillia & District Literacy Council Inc.	5,000.00	DELILARA (T)	45 400 00
Radio-Huronie FM communautaire inc.	1,000.00	PELHAM (T)	16,409.00
Richmond Youth & Family Centre (Orillia)	5,000.00	Autism Society Ontario Niagara Region Chapter	500.00
Seasons Centre for Grieving/Traumatized Children	5,000.00	A.K. Wigg PTG	1,357.00
Simcoe County Assoc. for the Physically Disabled	5,000.00	Big Sisters Association of Welland,	
Sir Sam Steele Art Gallery Foundation	5,000.00	Port Colborne & Pelham	1,357.00
Sunshine Festival Theatre Company	5,000.00	Canadian Cystic Fibrosis Foundation Niagara Chapter	500.00
The Cellar Singers	2,500.00	Canadian Diabetes Association	1,357.00
Twin Lakes Music Parents' Foundation	5,000.00	Fonthill Pre-School Inc.	1,357.00
		Kinsmen Club of Fonthill & District	2,705.00
ORO-MEDONTE (TP)	5,500.00	Pelham Block Parent Program	2,705.00
Alzheimer Society of Greater Simcoe County	500.00	St. Alexander's PAC	1,357.00
Big Sisters Association of Huronia	1,000.00	United Way of South Niagara	500.00
Big Sisters Association of Orillia	1,000.00	Welland Area Family YMCA	1,357.00
Canadian Cystic Fibrosis Foundation	500.00	Welland & District S.P.C.A.	1,357.00
Community Care Access Centre - Simcoe County	500.00		
Elizabeth Fry Society of Simcoe County	500.00	PEMBROKE (C)	31,417.79
Kinark Child & Family Services	500.00	Canadian Cystic Fibrosis Foundation	3,490.86
Skills Canada - Ontario	1,000.00	Canadian Diabetes Association	-,
Dillio Carlada Gricario	1,000.00	Pembroke & District Branch	3,490.87
OSPREY (TP)	5,299.00	Canadian Red Cross Society	3,490.87
Collingwood General & Marine Hospital Foundation	3,000.00	Friends of the Disabled (Pembroke) Inc.	3,490.87
South-East Grey Support Services	2,299.00	Kiwanis Club of Pembroke	3,490.87
30util-Last Grey Support Services	2,233.00		3,490.87
DAICLEY (\/\	1 624 00	Ontario Lung Association	
PAISLEY (V)	1,634.00	Pembroke's Co-Operative Nursery School Inc.	3,490.86
Bruce County Heritage Association	817.00	United Way/Centraide of the Upper Ottawa Valley Inc.	3,490.86
Royal Canadian Legion Branch #295	817.00	Victorian Order of Nurses Renfrew County Branch	3,490.86
DALMARDSTON (T)	7.506.67	DEDTH /T\	10 207 00
PALMERSTON (T)	7,596.67	PERTH (T)	10,297.90
Alzheimer Society of Guelph & Wellington	1,519.33	Alzheimer Society of Lanark County	1,144 21
Canadian Cystic Fibrosis Foundation - K.W. Chapter	1,519.33	Big Brothers/Big Sisters of Lanark County	1,144 21
Canadian Hearing Society	1,519.33	Canadian Cystic Fibrosis Foundation (Kingston Chapter)	
Palmerston Agricultural Society	1,519.35	Catholic Women's League	1,144.21
The Children's Foundation of Guelph & Wellington	1,519.33	Lanark Children's Haven	1,144.21
		Lanark County Distress & Community Information Line	1,144 21
PARIS (T)	25,694.00	Lanark County Therapeutic Riding Program	1,144 21
Ayr-Paris Band	750.00	Lanark County United Way	1,144 22
Brant Waterways Foundation	1,500.00	Tayside Community Residential & Support Options	1,144.21
Canadian Cystic Fibrosis	222.00		
Canadian Diabetes Assoc. (Brantford Branch)	750.00	PETROLIA (T)	18,128.00
Lions Club of Paris	3,500.00	2563 Petrolia Army Cadets Sponsoring Comm.	4,000.00
Ontario SPCA, Brantford Branch	750.00	Charlotte Eleanor Englehart Hospital	4,000.00
Optimist Club of Paris Inc.	3,500.00	Petrolia Volunteer Firefighters Association	6,128.00
Paris Figure Skating Club	1,500.00	The Petrolia Discovery Foundation Inc.	4,000.00
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 $\textbf{LEGEND: C} \cdot \text{CITY}, \ \ \textbf{T} \cdot \text{TOWN}, \ \ \textbf{TP} \cdot \text{TOWNSHIP}, \ \ \textbf{V} \cdot \text{VILLAGE}, \ \ \textbf{R} \cdot \text{FIRST NATION RESERVE}, \ \ \textbf{DA} \cdot \text{DEVELOPMENT AREA}$

PLYMPTON (TP)	19,380.00	Ramona Agricultural Society	4,054.00
Optimist Club of Plympton Township (Huron Shores Optimists)	19,380.00	Rotary Club of Lagoon City/Brechin	3,000.00
(Halon Shores optimises)	13,500.00	RAYSIDE-BALFOUR (T)	36,281.00
POINT EDWARD (V)	2,778.66	Azilda Lions Club	2,000.00
Breast Cancer Society of Canada	1,389.33	Canadian Cystic Fibrosis	2,000.00
Point Edward Minor Athletic Association	1,389.33	Chelmsford Figure Skating Club	1.000.00
Total Editord Willow Full Edit Food and all	.,	Chelmsford Lions Club	5,000.00
PORT COLBORNE (C)	54,958.00	Chelmsford Valley District Composite School	2,000.00
Big Brothers of South Niagara	6,594.00	Chelmsford Valley District Composite School	_,
Big Sisters of Welland, Port Colborne & Pelham	4,000.00	Alumni Association	2,000.00
Gateway Residence of Niagara Inc.	6,594.00	Club 50 de Rayside-Balfour	6,000.00
Holy Cross/St. John Bosco School Council	6,594.00	Community Youth Services	0,000,00
Port Colborne Community Association	0,55 1100	Rayside-Balfour Youth Action Network	3,000.00
for Resource Extension (Port Cares)	6,594.00	Epilepsy Sudbury Manitoulin	3,281.00
Port Colborne District Association	0,551.00	Gateside Counselling Services	2,000.00
for Community Living Inc.	6,594.00	Rayside-Balfour Soccer Association	2,000.00
Port Colborne Marine Rescue Auxiliary	6,594.00	St. Alexander's Church	2,000.00
Port Colborne Minor Baseball	6,594.00	St. Charles School PTA	2,000.00
United Way of South Niagara	4,800.00	The Kidney Foundation of Canada	2,000.00
Officed Way of South Magara	4,000.00	The Mariey Foundation of Canada	2,000.00
PORT ELGIN (T)	8,703.00	RED ROCK (TP)	930.00
Friends of the Port Elgin Library	800.00	Alzheimer Society of Thunder Bay	465.00
Pegasus Riding Assoc. Nurturing Challenged Equestrians	1,300.00	Canadian Diabetes Association	
Saugeen Track & Field Club	5,303.00	Thunder Bay & District Branch	465.00
St. Joseph's School CPTA	1,300.00		
		RICHMOND HILL (T)	103,400.00
PORT HOPE (T)	16,300.00	St. John Ambulance York Region Branch	40,000.00
Art Gallery of Northumberland	2,000.00	The Canadian National Institute for the Blind	63,400.00
Big Brothers Association of Cobourg-Port Hope & District			
Capitol Theatre Heritage Foundation	2,500.00	ROLPH, BUCHANAN, WYLIE & MCKAY (TP)	2,000.00
Crime Stoppers of Peterborough Northumberland Inc.	2,000.00	North Renfrew Family Services	1,250.00
Kinark Child & Family Services	2,000.00	VON - Pembroke	750.00
Northumberland Services for Women	2,600.00		
Port Hope/Cobourg & District Association		RYERSON (TP)	1,248.50
for Community Living	2,600.00	Almaguin Minor Hockey League	499.40
	_,	East Parry Sound Community Policing	
PRINCE (TP)	2,390.67	Advisory Committee	749.10
Prince Township Parent/Child Resource Centre	1,195.34	,	
Prince Township Volunteer Firefighters Association	1,195.33	SARNIA (C)	209,275.00
· · · · · · · · · · · · · · · · · · ·	.,	Alzheimer Society Sarnia/Lambton	8,685.00
PROTON (TP)	3,000.00	Bluewater Dance Troupe	12,000.00
Dundalk District Agricultural Society	1,000.00	Canadian Diabetes Assoc. Sarnia & District Branch	8,685.00
Proton Township Community Centre Board - Hopeville	1,000.00	Canadian Hearing Society	8,685.00
South-East Grey Support Services	1,000.00	Canadian Mental Health Association	8,685.00
, _F ,		Canadian Red Cross Sarnia/Lambton Branch	8,685.00
PUSLINCH (TP)	18,004.00	Carruthers Foundation	3,000.00
Canadian Cystic Fibrosis Foundation	1,000.00	Injured Workers in Need Inc.	8,685.00
Canadian Diabetes Association	1,000.00	Lambton County Minor Hockey Association	12,000.00
Canadian Hearing Society	1,000.00	Lambton Figure Skaters Competitors Association	12,000.00
Crime Stoppers of Wellington County Inc.	1,000.00	MacDonald/Hill Home for AIDS	12,000.00
Puslinch Lake Conservation Association	6,000.00	Multiple Sclerosis Society Sarnia/Lambton Chapter	8,685.00
Sunrise Equestrian & Recreation Centre for the Disabled	8,004.00	Resurrection Evangelistic Ministries	1,000.00
	.,	Sarnia Drama League	8,685.00
RAINY RIVER (R)	1,067.00	Sarnia Kiwanis Foundation Inc.	8,685.00
Manitou Mounds Foundation Manitou Rapids Drive	1,067.00	Sarnia & District Senior Volunteer Community Services	8,685.00
The state of the s	.,	Sarnia-Lambton Centre	,
RAMARA (TP)	19,854.00	for the Arts & the Environment Inc.	8,685.00
Alzheimer Society of Orillia	600.00	Sertoma Child & Youth Centre	8,685.00
Canadian Diabetic Assoc. Orillia Branch	600.00	Sexual Assault Survivor's Centre Sarnia-Lambton	8,685.00
Friends of the Library	6,000.00	St. Clair Secondary School	12,000.00
Ramara Youth Soccer	5,600.00	St. Clair Tae Kwon Do Club of Sarnia	12,000.00
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LEGEND: C - CITY, T - TOWN, TP - TOWNSHIP, V - VILLAGE, R FIRST NATION RESERVE, DA - DEVELOPMENT AREA

St. John Ambulance	8,685.00	Grandview Children's Foundation	8.000.00
The Organization for Literacy in Lambton	3.000.00	North Durham Hospice	8,000.00
Vision '74 Inc.	8,685.00	Ontario Lung Association	3,500.00
SAUGEEN (TP)	776.44	SEAFORTH (T)	1,000.00
Pegasus Riding Assoc. Nurturing Challenged Equestrians		Alzheimer Society of Huron County	1,000.00
regular maning resolutioning enamenged equestions	,, ,	Jacob Memorial Building	1,000.00
SAULT STE. MARIE (C)	137,486.62		
Algoma Child & Youth Services Foundation	6,336.83	SEVERN (TP)	11,384.00
Algoma Substance Abuse Rehabilitation Centre	2,263.15	Big Sisters Association of Orillia	1,000.00
Algoma University College Foundation	2,489.48	Canadian National Institute for the Blind	500.00
Amos Benefit Fund	4,299.99	Coldwater Canadiana Heritage Museum	1,000.00
Arts Council of Sault Ste. Marie & District	2,602.63	Green Haven Shelter for Women	5,384.00
Bandettes Drum & Bugle Corps	4,865.79	Kinark Child & Family Services	500.00
Big Brothers Association	4,073.68	Ontario Lung Association	500.00
Big Sisters Association of Sault Ste. Marie	3,847.36	Orillia & District Big Brothers Association	1,000.00
Charitable Assoc. for the Residents		Westshore Community Policing Committee	1,500.00
of Algoma Dist. Homes for the Aged	2,263.15		
Children's Aid Society	2,715.78	SHEDDEN (TP)	3,320.00
Children's Rehabilitation Centre Algoma	3,055.26	North Shore Anglers & Hunters	1,106.67
Credit Counselling Service of Sault Ste. Marie	2,263.15	Royal Canadian Legion Branch #576	1,106.66
Crime Stoppers of Sault Ste. Marie Inc.	3,847.36	Spanish Minor Sports	1,106.67
Cultural Dance Arts Exchange	6,449.99	CHERROPHE ET AL /TR\	4 700 00
Group Health Centre Trust Fund	2,602.63	SHERBORNE ET AL (TP)	1,799.00
Head Injury Association of Sault Ste. Marie	6,563.15	Haliburton Highlands Health Services Corp.	899.50
Indian Friendship Centre	2,489.47	Huntsville District Memorial Hospital Found.	899.50
KidsHope: Promoting Healthy Lifestyles Inc.	2,489.48	SIMCOF (T)	47,067.58
Lake Superior Figure Skating Club	4,073.68	SIMCOE (T) Adult Mental Health Services of Haldimand-Norfolk	1,623.02
Ontario Lung Association Sault Trade Centre, Unit 6	1,131.58	Alzheimer Society of Haldimand-Norfolk	1,623.02
Program Read Sault Ste. Marie	2,489.47 3,281.57	Big Brothers & Big Sisters Association	1,023.02
Rotary Club of Sault Ste. Marie Sault Medical Help Fund Second Chance Club	6,676.30	of Haldimand-Norfolk	1,623.02
· · · · · · · · · · · · · · · · · · ·	2,489.47	Canadian Cystic Fibrosis Foundation Hamilton Chapter	1,623.02
Sault Ste. Marie Horse & Pony Club Inc.	2,403.47	Canadian Diabetes Association	1,623.02
Sault Ste. Marie Society for the Prevention of Cruelty to Animals	2,263.15	Canadian Mental Health Association	1,023.02
Sault Ste. Marie Soup Kitchen	2,489.47	of Haldimand-Norfolk	1,623.02
Sault Ste. Marie Teen Centre	2,263.15	Canadian National Institute for the Blind	1,623.02
Searchmont Ski Runners	3,507.89	Carrie Alexandria McCall Simcoe Chapter Iode	1,623.02
Soo Arena Association	2,489.47	Children's Aid Society of Haldimand-Norfolk	1,623.02
Soo Minor Baseball Association Inc.	5,544.73	Crime Stoppers of Haldimand-Norfolk &	
SSM Community Drinking &	5,5	Tillsonburg Inc.	1,623.02
Driving Awareness Comm.	4,073.68	Haldimand Norfolk YM-YWCA	1,623.02
The Canadian Hearing Society	3,281.57	Haldimand-Norfolk Information Centre	1,623.02
The Conservation Foundation of Algoma	6,110.51	Haldimand-Norfolk Literacy Council	1,623.02
The Royal Canadian Legion Branch #25	5,205.25	Haldimand-Norfolk Women's Services	1,623.02
The Sunshine Foundation of Canada	1,131.58	Haldimand-Norfolk Work Group of Simcoe	1,623.02
Van Daele Manor Resident Council	6,563.15	Kinette Club of Simcoe	1,623.02
Victorian Order of Nurses Algoma Branch	4,299.99	Lighthouse Festival Theatre Corporation	1,623.02
Women in Crisis Algoma Inc.	2,602.63	Lynnwood Arts Centre	1,623.02
		Norfolk County Agricultural Society	1,623.02
SCHREIBER (TP)	6,604.00	Norfolk General Hospital	1,623.02
Alzheimer Society of Thunder Bay	1,651.00	Simcoe Caring Cupboard	1,623.02
Canadian Cystic Fibrosis Foundation		Simcoe Figure Skating Club Inc.	4 633 03
Thunder Bay Chapter	1,651.00	Recreation Centre Arena	1,623.02
Canadian Diabetes Association	1,651.00	Simcoe Friendship Festival	1,623.02
Navy League of Canada Terrace Bay - Schreiber Branch	1,651.00	Simcoe Minor Baseball Association	1,623.02
	46 375 00	South & Metcalfe Non-Profit Housing Corporation	1,623.02
SCUGOG (TP)	46,275.00	The Kinsmen Club of Simcoe	1,623.02
Alzheimer Society of Durham Region	2 500 00	United Way of Haldimand-Norfolk	1,623.02
Oshawa Executive Centre	3,500.00	Victim Crisis Assistance Referral Service of Haldimand-Norfolk	1,623.02
Central Seven Association for Community Living	5,045.00	of Haldimand-Ivorfolk Young Theatre Players	1,623.02
Community Memorial Hospital Foundation	18,230.00	Touring Theatre Flayers	1,023.02

SIOUX NARROWS (TP) Kenora-Patricia Child & Family Services	317.60 317.60	SOUTH-WEST OXFORD (TP) Alzheimer Society of Oxford	18,177.00 3,000.00
Reflora-Fatricia Criniu & Fairniy Services	317.00	Big Sisters Association of Woodstock Inc.	3,000.00
SMITH-ENNISMORE (TP)	36,976.92	Canadian Diabetes Association	5,000.00
Community Health Services Foundation		Oxford-Perth County Branch	3,000.00
Heart Catheter Campaign	8,412.00	Canadian Red Cross Ontario Zone 2 Woodstock-Oxford	2,000.00
Crime Stoppers of Peterborough Northumberland Inc.	4,416.30	Fanshawe College of Applied Arts & Technology	3,177.00
Kinark Child & Family Services	1,454.16	Woodstock Gym Club	1,000.00
Lakefield Animal Welfare Society	8,412.00	Woodstock & District Developmental Services	3,000.00
Peterborough AIDS Resource Network Senior Citizens Council	4,416.30	SPRINGWATER (TP)	11,401.00
Peterborough-Chemung Community Care	8,412.00	Barrie Blades Precision Skating Teams	1,055.00
Y.W.C.A. of Peterborough, Victoria & Haliburton	1,454.16	Barrie Kempettes Gymnastics Club	1,234.00
	.,	Elmvale Figure Skating Club	2,500.00
SMITHS FALLS (T)	15,565.80	Hospice Simcoe	1,000.00
Big Brothers/Big Sisters of Lanark County	2,594.30	Simcoe County Association for Physically Disabled	5,612.00
Knights of Columbus Rideau Council 2444	2,594.30		
Rideau Lakes Figure Skating Club Inc.	2,594.30	STAFFORD & PEMBROKE (TP)	10,628.00
Royal Canadian Legion Branch #95	2,594.30	Friends of the Disabled	5,973.00
Smiths Falls Community Hospital Foundation Smiths Falls Drug Awareness Committee	2,594.30 2,594.30	United Way of the Upper Valley Victorian Order of Nurses	2,000.00
Silitis Falls Drug Awareness Committee	2,394.30	Alctoligit Otder of Marzez	2,655.00
SNOWDON (TP)	3,070.38	STANHOPE (TP)	4,432.00
Big Brothers/Big Sisters of Victoria-Haliburton	438.63	Haliburton Highlands Health Services Corp.	4,432.00
Haliburton County Home Support Services	438.63		.,
Haliburton Highlands Health Services Board	1,754.50	STEPHEN (TP)	6,594.00
Kinark Child & Family Services (Haliburton County)	438.62	Alzheimer Society of Huron County	500.00
5011-1111-1111		Canadian Diabetes Association	500.00
SOMERVILLE (TP)	1,700.00	Dashwood Men's Club	3,094.00
Alzheimer Society of Victoria County Canadian Cystic Fibrosis Foundation	850.00	Huron Country Playhouse Inc.	1,500.00
Peterborough Chapter	850.00	Rotary Club of Grand Bend	1,000.00
reterbolough Chapter	030.00	STRATHROY (T)	24,731.00
SOUTH DUMFRIES (TP)	3,918.72	Sir Arthur Currie Branch 116 Royal Canadian Legion	14,220.00
Ontario Society for Prevention of Cruelty to Animals	502.40	Victorian Order of Nurses Middlesex-Elgin Branch	2,000.00
South Dumfries Figure Skating Club	2,210.56	Women's Rural Resource Centre of Strathroy & Area	8,511.00
St. George Scouting	1,205.76		
COUTH BUNDAS (TB)		STURGEON FALLS (T)	6,502.57
SOUTH DUNDAS (TP)	24,000.00	Équipe de natation Sturgeon Falls Swim Team	3,251.28
Alzheimer Society Cornwall & District Canadian Cystic Fibrosis Foundation Cornwall Chapter	1,000.00 2,000.00	West Nipissing Assoc. for Community Living	3,251.29
Canadian Cystic Holosis Foundation Comwaii Chapter Canadian Diabetes Association	2,000.00	STURGEON POINT (V)	410.00
Children's Treatment Centre	2,000.00	Sturgeon Lake Sailing Club	410.00
The Canadian National Institute for the Blind	3,000.00	Stargeon cake saming class	410.00
Upper Canada Playhouse	10,000.00	ST. CLAIR BEACH (V)	13,684.00
Williamsburg Non-Profit Housing Corporation	4,000.00	Canadian Cystic Fibrosis Foundation Windsor Chapter	500.00
		Canadian Diabetes Association Windsor & District Branch	500.00
SOUTH GLENGARRY (TP)	14,469.00	Optimist Club of St. Clair Beach	10,184.00
Alzheimer Society Cornwall & District	1,500.00	Tecumseh Lions Club	2,000.00
Diabetes Association Cornwall & District	1,500.00	Windsor & Essex County Crime Stoppers Inc.	500.00
Optimist Club of Martintown S.D.& G. Children's Treatment Centre	2,500.00 2,500.00	ST. JOSEPH (TP)	4 564 00
S.D.& G. Children's freatment Centre S.D.& G. Developmental Service Centre	1,500.00	Matthews Memorial Hospital Association	4,561.00 4,000.00
United Way of Cornwall & District	4,969.00	Restoration Comm. of the Historical Church of Mary	561.00
SOUTHAMPTON (T)	3,000.00	ST. VINCENT (TP)	5,784.00
Chantry Centre	1,000.00	Meaford-Beaver Valley Community Support Services	2,892.00
Chantry Island Cham-Bettes	1,000.00	The Rotary Club of Meaford Inc.	2,892.00
Pegasus Riding Assoc. Nurturing	E00.00	CHCKED CDEEK (D)	4 244 00
Challenged Equestrians Saugeen Children's Chorus	500.00 500.00	SUCKER CREEK (R)	1,241.00
Jaageen Children's Chords	300.00	Ojibways of Sucker Creek	1,241.00

SUDBURY (C)	241,231.99	TARBUTT & TARBUTT ADDITIONAL (TP)	1,633.00
Alzheimer Society Sudbury-Manitoulin	6,071.73	Matthew's Memorial Hospital Assn.	1,633.00
Canadian Mental Health Association	6,071.73	744 (FD)	
Canadian Red Cross	6,071.73	TAY (TP)	9,553.60
Canadian Showcase Chorus Corporation	2,571.73	Friends of the Wye Marsh	3,738.37
Centre franco-ontarien de folklore	2,571.72	Port McNicoll Metis Council	1,038.43
Club Richelieu Sudbury	2,571 73	St. Antoine Daniel School Community Council	1,038.43
Daughters of Isabella Marian Circle 908 Sudbury	1,071.73	The Royal Canadian Legion - Branch #523	3,738 37
Epilepsy Sudbury Manitoulin	2,571.73	TECHNICE II (T)	45 300 00
Family Enrichment Centre of Sudbury	2,571.73	TECUMSEH (T)	46,380.00
Fibromyalgia Society of Ontario Inc.	6,071.73	Autism Services Inc. of Windsor & Essex County	1,000.00
Groupe d'appui VIH-SIDA de Sudbury	2,571.73	Big Brothers of Windsor-Essex County	1,000.00
Inner City Home of Sudbury	2,571.73	Canadian Diabetes Association	1,000.00
John Howard Society of Sudbury	6,071.73	Family Respite Services Windsor/Essex	1,000.00
Jubilee Heritage Family Resources	2,571.72	Sun Parlour Female Hockey Association	1,000.00
Knights of Columbus Council #10888	6,071.73	Tecumseh Area Historical Society	7,500.00
L'Association des jeunes de la rue inc.	2,571.73	Tecumseh Lion's Club	33,880.00
Le Carrefour francophone de Sudbury	2,571.73	THE ADDRESS AGO (TD)	4 025 00
Le Théâtre du Nouvel-Ontario	6,071.73	THE ARCHIPELAGO (TP)	1,025.00
Meals on Wheels (Sudbury) Inc.	6,071.73	Pointe au Baril Lions Club Inc.	1,025.00
Montessori School of Sudbury	2,571.72		
Neighbourhood Action Project of Sudbury	2,571.73	THUNDER BAY (C)	60,000.00
Nickel District Easter Seal Committee	6,071.73	Multicultural Association of Northwestern Ontario	60,000.00
Northern Lights Festival Boreal	6,071.73		
N'Swakamok Native Friendship Centre	6,071.73		7,005,800.00
Ontario Society for the Prevention of Cruelty to Animals	6,071.73	Ace Swim Team	17,000.00
Participation House - Participation Projects	6,071.72	Adath Sholom Synagogue	23,400.00
Prevent A Litter Sudbury	2,571.73	Alzheimer Society for Metro Toronto	7,100.00
Prise de parole inc.	2,571.72	Animal Aid & Adoption	9,500.00
Réseau de développement des groupes d'entraide	2,571.73	Ballet Creole	15,900.00
Rockhaven	2,571.73	Bloor Jewish Community Centre	3,400.00
Royal Canadian Legion Branch #76	2,571.73	Boxing Ontario Incorporated	8,300.00
Seniors Advisory Council for the Region of Sudbury	6,071.73	Canadian Centre for Social Justice	10,000.00
Spina Bifida & Hydro-Cephalus Assoc. of Ontario	2,571.73	Canadian Cystic Fibrosis Foundation	
Sudbury Action Centre for Youth	2,571.73	Toronto & District Chapter	6,500.00
Sudbury Better Beginnings -		Canadian Spinal Research Organization	68,200.00
Better Futures Educational Fund	6,071.73	Chinese Medicine & Acupuncture Academy of Toronto	10,200.00
Sudbury District Assoc. for the Developmentally Disabled	2,571.73	Coping in Tough Times	3,200.00
Sudbury Laurels Gymnastics Club	2,571.73	Don Mills Flyers Hockey Association	60,000.00
Sudbury Manitoulin Children's Foundation	2,571.73	Epilepsy Association Metro Toronto	113,500.00
Sudbury Minor Hockey Association Inc.	6,071.73	Epilepsy Ontario	112,000.00
Sudbury Multicultural Folk Arts Association	6,071.73	Etobicoke Children's Centre	4,600.00
Sudbury North East Lions Club	6,071.73	Etobicoke Volleyball Association-Toronto West	10,700.00
Sudbury Program/Action on Learning Disabilities Inc.	2,571.73	George Syme Seniors Centre	13,000.00
Sudbury YWCA	6,071.72	Iranian Community Association of Ontario	40,000.00
The Art Gallery of Sudbury	6,071./3	Jane Woolner Neighbourhood Association	18,700.00
The Blue Saints Booster Club	2,571.73	Kare for Kids International	33,700.00
The Canadian Diabetes Association	6,071.73	King David Congregation of Toronto	27,900.00
The Canadian Hearing Society	6,071.73	Lithuanian Community Association of Toronto	10,000.00
The Children's Aid Society		Madeira Residential & Counselling Services	39,200.00
of the Districts of Sudbury & Manitoulin	6,071.73	Media Educational Foundation of Canada	10,300.00
The Elizabeth Fry Society Sudbury Branch	2,571.73	National Broadcast Reading Services Inc.	20,900.00
The Human League Assoc.	2,571.73	National Shevchenko Musical Ensemble Guild of Canad	
The Kidney Foundation of Canada (N.E. Region)	6,071 73	North York Community House	26,300.00
The Northern Cancer Research Foundation	6,071.73	Ontario Amateur Football Association	27,600.00
The Ontario Council of the Order of St. John	2,571.73	Ontario Clean & Sober	36,000.00
The Ruffed Grouse Society of Canada	2,571.73	Ontario Coalition of Senior Citizens Organizations	5,200.00
Theatre Cambrian	2,571.73	Palin Foundation	21,100.00
Ukrainian National Federation of Canada Inc.	2,571.73	Reena Foundation	27,000.00
Ukrainian Seniors Citizen's Club of Sudbury Inc.	2,571.73	Rotary Club of Toronto Eglinton	12,000.00
Victorian Order of Nurses (VON)	6,071.73	Skills for Change	31,200.00
Young Ontarians United Toward Health & Sobriety	2,571.71	Societies in Transition Whyy Mee Foundation	6,800.00

Spina Bifida & Hydro-Cephalus Association of Ontario	15,000.00	The Kidney Foundation of Canada	500.00
Strength to Walk in Freedom Together	12,600.00	Valley East Christian Youth Centre	1,500.00
St. Bernadettes Family Resource Centre	13,300.00	Valley East Consbec Cobras-AAA Midgets	15,000.00
St. Clair West Services for Seniors Inc.	97,100.00	Valley East Co-Operative Nursery School	500.00
Syme Family Centre of the City of York	18,900.00	Valley East Lions Club	23,076.00
The Canadian National Institute for the Blind	36,000.00	Valley East Progressive Hockey	2.000.00
			,
Theatre Smith-Gilmour	30,000.00	Valley East Soccer Club	7,000.00
Toronto Community Foundation	1,650,000.00	Valley East Waves Swim Club	500.00
Toronto Eye Foundation	10,700.00		
Toronto Penguin Hockey Association	22,000.00	VANIER (C)	42,468.00
Toronto Young Nationals Hockey Club Inc.	41,000.00	Club '60' Vanier	21,234.00
Tree Life Toronto	20,000.00	Les amis du centre francophone de Vanier	21,234.00
Turner's Syndrome Society	11,900.00		,
United Way of Greater Toronto	1,000,000.00	VERULAM (TP)	16,152.00
United Way of Greater Toronto	2,800,000.00	A. Sheila Boyd Foundation	4,038.00
Vietnamese Association Toronto	1,300.00	Dunsford Comm. Centre Inc.	
	1,300.00		4,038.00
Vietnamese Cambodian Laotian	25 200 00	Kawartha Region Arts & Heritage Society	4,038.00
Community Services Association	25,300.00	Victoria County Community Care Service for Seniors	4,038.00
Vitanova	62,600.00		
West Rouge Canoe Club	18,500.00	WALKERTON (T)	3,720.19
West Scarborough Neighbourhood Community Centre	23,700.00	ACO (Architectural Conservancy of Ontario)	
Weston Minor Hockey League	20,800.00	South Bruce Grey Branch	2,480.12
White Light Hospice Foundation	15,000.00	PRANCE (Pegasus Riding Association Nurturing	
Willowdale Sports Club	4,500.00	Challenged Equestrians)	1,240.07
York Community Services	18,000.00	and and a contractory	1,210.07
York Jets Soccer Club Inc.	30,000.00	WARWICK (TP)	3,150.00
York Mount Dennis Lions Club	12,700.00		
		Big Brothers of Sarnia-Lambton	500.00
York Toros Hockey Association	22,600.00	Lambton Elderly Outreach	500.00
Youth Assisting Youth	53,500.00	Rotary Club of Watford	1,000.00
		Watford Minor Hockey Association Inc.	1,150.00
TROUT CREEK (T)	268.00		
Trout Creek Block Parent Program	268.00	WASAGA BEACH (T)	18,417.32
		Collingwood General & Marine Hospital Foundation	1,000.00
TUCKERSMITH (TP)	1,000.00	Kinsmen Club of Wasaga Beach	6,708.66
Big Sisters Association of Goderich & District	500.00	Rotary Club of Wasaga Beach	6,708.66
Huron Adult Day Centre	500.00	Wasaga Beach Co-Op Nursery School	1,000.00
The state of the s	500100	Wasaga Community Theatre Group	2,000.00
TURNBERRY (TP)	6,545.00	Wasaga Food Bank	1,000.00
Alzheimer Society of Huron County Inc.	818.12	wasaya roou bark	1,000.00
		WELLECLEY (TD)	0.000.00
Town & Country Support Services	818.13	WELLESLEY (TP)	9,000.00
Wingham Sportsmen's Assoc.	3,272.50	Community Care Concepts	
Wingham & District Hospital	1,636.25	of Woolwich, Wellesley & Wilmot Townships	1,000.00
		Heidelberg-St. Clements Optimist Club	4,000.00
USBORNE (TP)	3,465.00	St. Clements Ringette	1,000.00
Community Living South Huron	630.00	Wilmot Family Resource Centre Inc.	1,000.00
Huron Adult Day Centre	630.00	Woolwich Community Services Inc.	1,000.00
The Optimist Club of Kirkton-Woodham	945.00	Woolwich Transit Inc.	1,000.00
Town & Country Support Services	630.00	Trouble trailing trailing	1,000.00
Usborne Minor Ball	630.00	WEST GARAFRAXA (TP)	13,450.00
OSSOTILE WINTON BUIL	050.00	Belwood Lioness Club	
VALLEY EAST (T)	63,076.00		2,390.00
		Canadian Diabetes Assoc. Guelph/Wellington Branch	500.00
Canadian Cystic Fibrosis Foundation	500.00	Centre Wellington Preschool	2,390.00
Carol Richard Park Community Association	3,000.00	Crime Stoppers of Wellington County Inc.	500.00
Ecole Secondaire Hanmer	1,000.00	John Black Public School	2,390.00
Epilepsy/Epilepsie Sudbury-Manitoulin	500.00	The Big Brothers Assoc.	
Family Enrichment Ctr./Sudbury	500.00	of Guelph & Wellington County Incorporated	2,390.00
Farmdale Playground	3,000.00	The Canadian Hearing Society Waterloo Regional Office	500.00
Fédération des guides Franco-Ontariennes	500.00	The Children's Foundation of Guelph & Wellington	2,390.00
Paroisse Ste Marguerite d'Youville	500.00	3***	
Redwood Acres Public School	500.00	WEST LINCOLN (TP)	16,011.50
St. Anne School	1,000.00	Canadian Cystic Fibrosis Foundation Niagara Chapter	1,000.00
Sudbury Regional Palliative Care Assoc.	2,000.00	Canadian Cystic Holosis Foundation Magara Chapter Canadian Diabetes Association Niagara District Branch	1,000.00
	C. UUU.UU	Culiquiali Diauetes Assuciativii Mauata District Bidii(1)	1 1 1 1 1 1 1 1 1 1

LEGEND: C - CITY, T - TOWN, TP - TOWNSHIP, V - VILLAGE, R - FIRST NATION RESERVE, DA - DEVELOPMENT AREA

Grimsby/Lincoln & District Association	
for Community Living	6,511.50
Royal Canadian Legion Branch #393 - Senior Citizens Complex	5,000.00
West Lincoln Minor Hockey Association	2,500.00
,	
WHITCHURCH-STOUFFVILLE (T)	33,261.00
Friends of the Museum	11,000.00
Lions Club of Stouffville Whitchurch-Stouffville Girls Hockey Assoc.	4,761.00 8,000.00
York-Durham Aphasia Centre	9,500.00
TOTAL DESIGNATION OF THE STATE	-,
WILMOT (TP)	10,779.34
New Hamburg Community Day Care Centre	2,155.87
The Optimist Club of Wilmot Ontario	3,233.80
Friend of Youth Club No. 46-265 Wilmot Aquatic Aces Swim Club	2,155.87
Wilmot Family Resource Centre Inc.	3,233.80
Triming resource contents	0,400.1
WINDSOR (C)	473,193.00
AIDS Committee of Windsor	4,079.25
Association for Persons with Physical	24.475.50
Disabilities of Windsor/Essex County Autism Services Inc. of Windsor & Essex County	24,475.50 4,079.25
Autism Society Ontario	4,075.25
Windsor/Essex Regional Chapter	4,079.25
Big Brothers Association of Greater Windsor Inc.	4,079.25
Big Sisters Assoc. of Greater Windsor	4,079.25
Brentwood Recovery Home	24,475.50
Canadian Cystic Fibrosis Foundation	4 070 25
Windsor Chapter Canadian Diabetes Association	4,079.25
Windsor & District Branch	4,079.25
Canadian Hearing Society	4,079.25
Can-Am Urban Native Non-Profit Homes	,
(Windsor) Inc.	8,158.50
Capitol Theatre	48,951.00
Centres for Seniors Windsor	4,079.25
Citizen Advocacy Windsor-Essex	4,079.25
Club Riverside Congregation Beth El of Windsor	4,079.25 4,079.25
East Windsor Community Service Centre	4,079.25
International Freedom Festival	20,396.25
Riverside Basketball Association	4,079.25
Riverside Fun Camps	4,079.25
Riverside Volleyball Association	4,079.25
Serbian Heritage Museum	28,554.75
Spina Bifida & Hydrocephalus Assoc. of Ontario The Child's Place	4,079.25 20,396.25
The Council for the Prevention	20,330.23
of Child Abuse Windsor/Essex	4,079.25
The Kidney Foundation of Canada	4,079.25
The Riverside Minor Baseball Club	4,079.25
The Sunshine Foundation of Canada	4,079.25
Theatre Windsor "A Theatre for Everyone Inc."	4,079.25
Unemployed Help Centre of Windsor Inc.	20,396.25 4,079.25
United Way of Windsor/Essex County Victorian Order of Nurses	4,075.23
Windsor/Essex County Branch	4,079.25
Windsor Regional Hospital Foundation	110,139.75
Windsor Women's Incentive Centre	24,475.50
Windsor & Essex County Crime Stoppers Inc.	28,554.75

Windsor & Essex County Senior Sports Windsor-Riverside Athletic Association Windsor-Riverside Golf Association Youth Connection Association for Alcohol & Drug Abo	4,079.25 4,079.25 4,079.25 4,079.25
WINGHAM (T)	3,621.00
Optimist Club of Wingham and District	3,621.00
WOODVILLE (V) Alzheimer Association of Victoria County Big Brothers/Big Sisters Victoria-Haliburton Inc. Canadian Mental Health Association Canadian Red Cross Lindsay & District Branch John Howard Society of Victoria-Haliburton-Simcoe Victoria County Community Care Services for Seniors	2,377.72 396.29 396.29 396.29 396.29 396.28 396.28
TOTAL	14,396,895.37







Ontario Catina Corporation

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